



# **Seattle City Employees' Retirement System Annual Report**

For the year ended December 31, 2003

# SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM

## ANNUAL REPORT

For The Year Ended December 31, 2003

**Prepared by:** Seattle City Employees' Retirement System Staff

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## Board of Administration



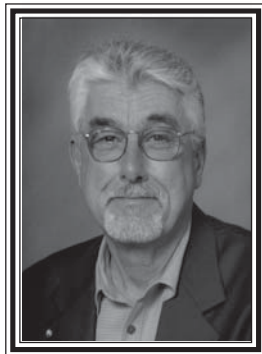
**Norma McKinney**



**Richard McIver**



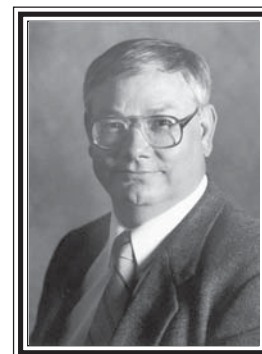
**Dwight Dively**



**Lou Walter**



**Mary Norris**



**Paul Berry**



**Frank Mathews**

**Administrative Staff**



**Kathleen Bryant**



**Katherine Bursett**



**Mylene Claveria**



**Hieu Le**



**Jean LeMaster**



**Sheila Moss**



**Jeannette Ocampo**



**Lindsay Reid**



**Mel Robertson**



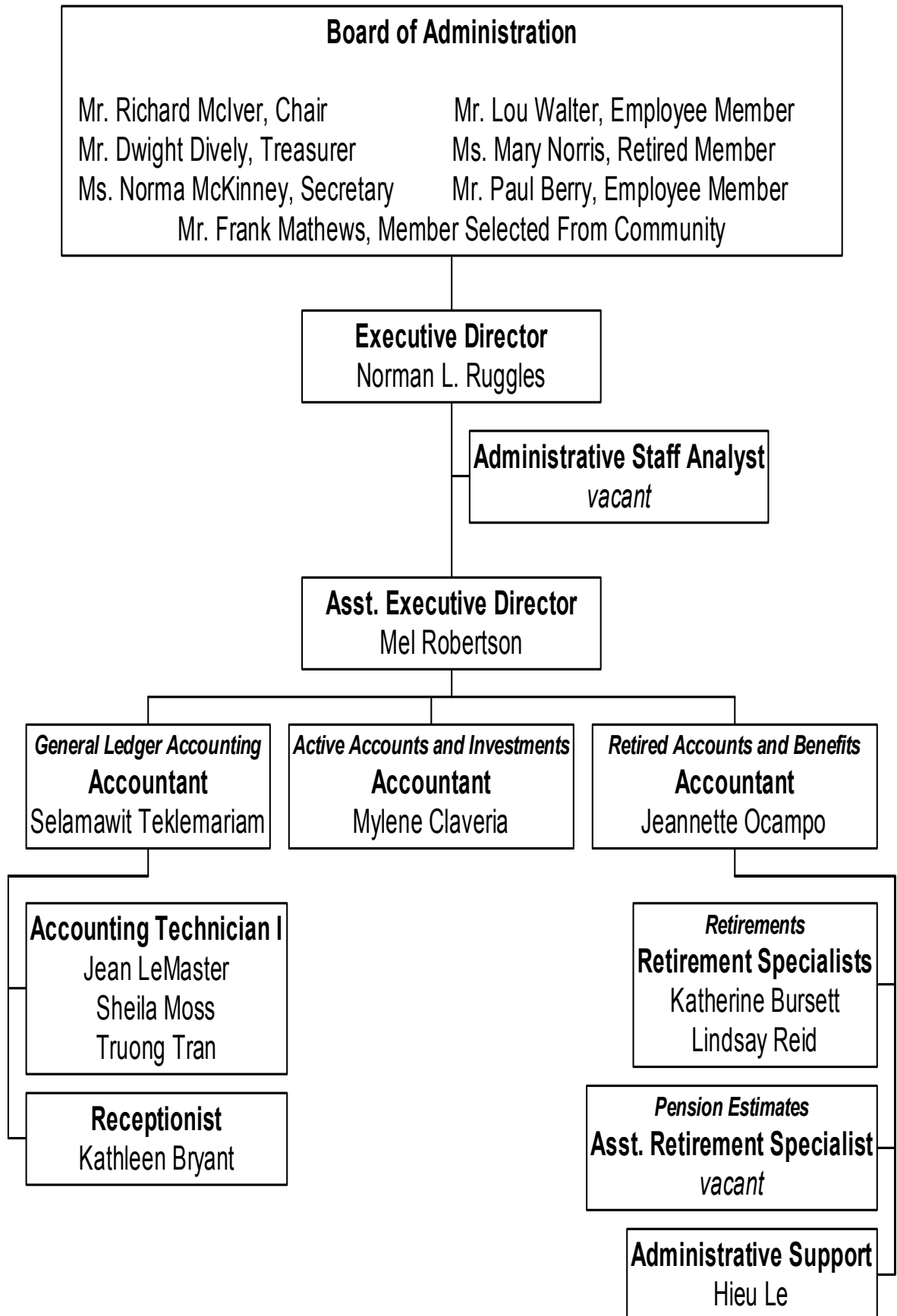
**Norm Ruggles**



**Selam Teklemariam**



**Truong Tran**







# City of Seattle

Gregory J. Nickels, Mayor

## Seattle City Employees' Retirement System

Board of Administration

Norman L. Ruggles, Executive Director

June 10, 2004

To the Honorable Mayor and  
Seattle City Council  
Seattle, Washington 98104

This Annual Report consists of six sections: the Introductory Section contains the Executive Director's letter of transmittal and the identification of the administrative organization of the System; the Financial Statements Section contains the financial statements of the System as well as a letter from the System's certified public accountants; the Actuarial Section contains the independent consulting actuary's opinion along with related actuarial data and statements; the Statistical Section contains tables of significant data pertaining to the operation of the System; the next section contains information on the Death Benefit System and the Unused Sick Leave Plan administered by the Retirement System; and the last section is the Retirement Estimate Section including eligibility requirements, a percentage of average salary chart and a sample calculation.

The compilation of this report reflects the combined effort of the staff under the leadership of the Retirement Board. The intention is to provide complete and reliable information to assist in management decisions, to present evidence of compliance with legal provisions and to demonstrate responsible stewardship for the assets contributed by the members and their employers.

The Executive Director and staff have reviewed the internal accounting controls and the financial statements, supporting schedules and statistical tables, and we are of the opinion that they fairly present the condition of the Retirement System.

The accuracy and completeness of the data contained in this report are the sole responsibility of the management of the Seattle City Employees' Retirement System.

The Retirement System was created and established by amendment to the Charter of the City of Seattle (Article XXII - Section 13) submitted to the voters at the municipal election of March 8, 1927. The System, known thereafter as the Seattle City Employees' Retirement System, is to provide retirement income to maintain the quality of life for its former employees. The retirement plan is a defined benefit plan, which means the employee's salary, years of service and age at the time of retirement are used to determine the amount of retirement benefits.

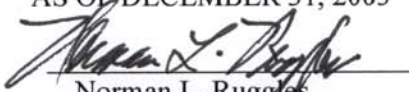
The Retirement System covers employees of the City of Seattle, and certain employees of King County, METRO and the Seattle City Library. The year ended December 31, 2003, concludes our 75<sup>th</sup> year of operations. Reaching this 75 year milestone is a tribute to the hard work and conscientious efforts of the past and present Board members, staff, advisors and elected officials who have made the Retirement System the strong, exemplary system it is today.

The report is being mailed to all departments of the City. They form the link between the Seattle City Employees' Retirement System and its membership. Their cooperation contributes significantly to the success of the Retirement System. We trust the employers and Retirement System members will find this report both informative and helpful.

We would like to express our gratitude to the staff, the advisors, and to the many people who have worked so diligently to assure the successful operation of the System.

Respectfully submitted,

BOARD OF ADMINISTRATION,  
SEATTLE CITY EMPLOYEES'  
RETIREMENT SYSTEM  
AS OF DECEMBER 31, 2003



Norman L. Ruggles  
Executive Director

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City Employees' Retirement System, 801 Third Avenue, Suite 300, Seattle, WA 98104  
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An equal employment opportunity, affirmative action employer. Accommodations for people with disabilities provided upon request.

## TABLE OF CONTENTS

## INTRODUCTORY SECTION

Title Page.....	i
Board of Administration.....	ii
Retirement System Staff.....	iii
Organization Chart.....	iv
Letter of Transmittal.....	v
Table of Contents.....	vi

## FINANCIAL SECTION

<b>Independent Auditor's Report.....</b>	<b>2</b>
<b>Management's Discussion and Analysis.....</b>	<b>3</b>
<b>Statements of Plan Net Assets.....</b>	<b>8</b>
<b>Statements of Changes in Plan Net Assets.....</b>	<b>9</b>
<b>Notes to the Financial Statements.....</b>	<b>10</b>
Required Supplemental Information - Schedule of Funding Progress.....	13
Required Supplemental Information - Schedule of Employer Contributions.....	13
Additional Information - Schedule of Administrative Expenses.....	14
Additional Information - Schedule of Investment Expenses.....	15
Additional Information - Schedule of Investment Cash and Securities.....	16

## ACTUARIAL SECTION

Actuary Certification Letter.....	18
Summary of Actuarial Assumptions and Methods.....	20
Schedule of Active Member Valuation Data.....	26
Schedule of Retirees and Beneficiaries.....	26
GASB No. 27 Annual Pension Cost and Net Pension Obligation.....	27
Schedule of Funding Progress.....	28
Solvency Test.....	29
Schedule of Employer Contributions.....	30
GASB No. 27 Three-year Trend Information.....	31
GASB No. 27 Annual Development of Pension Cost.....	32
Analysis of Actuarial Gains or Losses.....	33
Schedule of Retirees and Beneficiaries added to/removed from rolls.....	34
Summary of the Retirement Plan.....	35

## STATISTICAL SECTION

Schedule of Revenues by Source.....	40
Schedule of Expenses by Type.....	40
Schedule of Benefit Expense by Type.....	41
Schedule of Revenue Ratios by Source.....	41
Schedule of Investments Results.....	42
Schedule of Investment Results by Manager.....	43
Age Distribution of Pensioners.....	44
Retirement Allowance Distribution.....	45
Active Membership Experience.....	46
Retiree Membership Experience.....	47
Miscellaneous Retired Information.....	48
Schedule of Average Benefit Payments.....	49
New Active Members - by Department.....	50
Members Again in 2003.....	50
Service Retirements Granted in 2003.....	51
Disability Retirements Granted in 2003.....	55
Retired Members Deceased in 2003.....	56
Deaths in Active Service During 2003.....	59

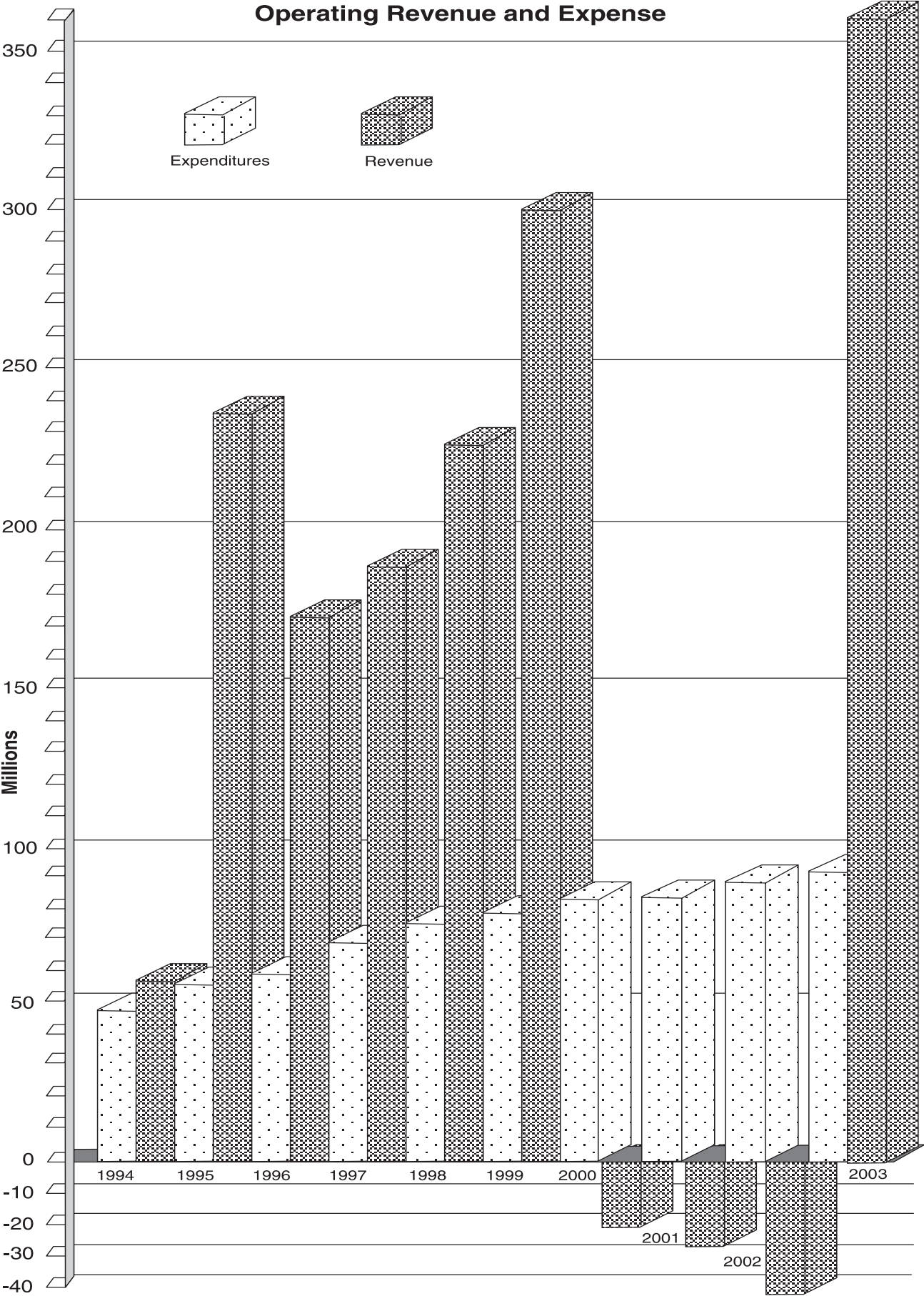
## DEATH BENEFIT AND UNUSED SICK LEAVE SECTION

Death Benefit System.....	60
Unused Sick Leave.....	60

## RETIREMENT ESTIMATE SECTION

Retirement Estimate Information.....	61
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Operating Revenue and Expense







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## INDEPENDENT AUDITORS' REPORT

Board of Administration  
Seattle City Employees' Retirement System  
Seattle, Washington

We have audited the accompanying statements of plan net assets of the Seattle City Employees' Retirement System (the "System") as of December 31, 2003 and 2002, and the related statements of changes in plan net assets for the years then ended. These financial statements are the responsibility of the System's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial status of the System as of December 31, 2003 and 2002, and the changes in net assets for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and the required supplementary information within the financial section are not a required part of the basic financial statements but are supplementary information required by the GASB. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it. Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying financial information listed as additional information within the financial section is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

The introductory, actuarial, statistical, death benefit and unused sick leave, and retirement estimate sections as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the System. Such additional information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on it.

*Deloitte & Touche LLP*

May 14, 2004

## Management's Discussion and Analysis

This section presents management's discussion and analysis of the Seattle City Employees' Retirement System's (SCERS or the System) financial performance during the year ending on December 31, 2003. Please read it in conjunction with the transmittal letter in the Introductory Section and the accompanying financial statements and the related notes.

The City of Seattle is responsible for establishing and maintaining an internal control structure designed to ensure the protection of assets from loss, theft, or misuse, and to ensure the accounting information generated is adequate to prepare financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, though not absolute, assurance of achieving these objectives.

As a department of the City of Seattle, the Seattle City Employees' Retirement System is subject to this internal control structure. In addition, section 4.36.140.D of the Seattle Municipal Code requires the Board of Administration to annually transmit a report of the financial condition of the retirement system to the City Council.

This report is prepared in accordance with the principles of governmental accounting and reporting promulgated by the Governmental Accounting Standards Board (GASB). Investments are stated at fair market value, and revenues include the recognition of unrealized gains or losses. The accrual basis of accounting is used to record assets, liabilities, revenues and expenses. Revenue recognition occurs when earned without regard to the date of collection. Expense recognition occurs when the corresponding liabilities are incurred, regardless of payment date. The basis of contributions to the System follows the principles of level cost financing, with current service financed on a current basis. Buck Consultants, the consulting actuary, evaluates the funding status of the System.

### **The Financial Section contains the following information:**

- 1. Basic Financial Statements** including:
  - a. Statement of Plan Net Assets
  - b. Statement of Changes in Plan Net Assets
  - c. Notes to the Financial Statements
- 2. Required Supplementary Information** including:
  - a. Schedule of Funding Progress
  - b. Schedule of Employer Contributions
- 3. Other Supplementary Schedules** including:
  - a. Schedule of Administrative Expenses
  - b. Schedule of Investment Expenses
  - c. Schedule of Investment Cash and Securities

The basic financial statements are described as follows:

- The Statement of Plan Net Assets shows the account balances at year-end and includes the net assets available for future benefit payments. The liabilities for future benefit payments are not included in this statement; however, they are shown in the Schedule of Funding Progress that is included in the Required Supplementary Information, as well as in the documentation provided by the actuary that is included in the Actuarial Section of this annual report.
- The Statement of Changes in Plan Net Assets shows the sources and uses of funds during the year and illustrates the change in net assets from the previous year.
- The Notes to the Financial Statements are an integral part of the financial statements and include additional detailed information and schedules to provide a better understanding of the financial statements.

The required supplementary information provides historical trends that help to reflect the ongoing plan perspective and the long-term nature of the defined benefit plan.

- The Schedule of Funding Progress contains actuarial information about the status of the plan from an ongoing long-term perspective, in the accumulation of sufficient assets to pay future benefits when due. Actuarial Liabilities in excess of the Actuarial Value of Assets indicate that insufficient assets were accumulated as of December 31, 2003 to fund the future benefits of current members and retirees.
- The Schedule of Employer Contributions contains historical trend information regarding the value of the total annual contributions the employer must pay and the actual contributions by employers in meeting this requirement.

### Financial Highlights

- SCERS assets that are held in trust for the payment of future benefits exceed its current amounts owed as of December 31, 2003 by \$1.5 billion.
- Net assets increased by \$273 million (21.7%) during 2003, primarily due to gains in the equity markets in the U.S. and abroad.
- Revenues (additions to net assets) for 2003 were a \$361 million, which includes member and employer contributions of \$70 million and net gains from investment activities totaling \$291 million.
- Expenses (deductions from net assets) for 2003 rose to \$89 million (7.3%) from \$83 million for 2002. Most of the increase is attributed to an increase in retiree benefits.

### Plan Net Assets

The table below provides a summary of assets and current liabilities:

#### Plan Net Assets As of December 31, 2003 and 2002

	2003	2002
Cash and Receivables	\$ 49,649,866	\$ 38,958,884
Investments at Fair Value	1,484,850,303	1,222,782,805
Securities Lending Collateral	148,226,605	133,817,297
Equipment	5,185	7,505
Total Assets	<u>1,682,731,959</u>	<u>1,395,566,491</u>
Securities Lending Payable	148,226,605	133,817,297
Other Payables	6,993,952	7,062,130
Total Liabilities	<u>155,220,557</u>	<u>140,879,427</u>
Total Net Assets	<u>\$ 1,527,511,402</u>	<u>\$ 1,254,687,064</u>

**Changes in Plan Net Assets**

The table below provides a summary of the changes in plan net assets and reflects the activities of the fund:

**Changes in Plan Net Assets  
For the Years Ending December 31, 2003 and 2002**

Additions:	<b>2003</b>	<b>2002</b>
Member Contributions	\$ 36,243,490	\$ 39,388,249
Employer Contributions	34,200,693	36,599,830
Net Investment and Other Income Gain (Loss)	290,999,224	(122,407,304)
Total Additions	361,443,407	(46,419,225)
Deductions:		
Monthly Retiree Benefits	73,559,728	68,825,558
Refunds of Contributions	13,218,137	12,019,852
Administrative Expenses	1,841,204	1,750,250
Total Deductions	88,619,069	82,595,660
Net Increase (Decrease)	\$ 272,824,338	\$ (129,014,855)

Revenues – Additions to Net Plan Assets

- Member contributions decreased by \$3.1 million (8.0%) compared to 2002. This decrease is primarily attributed to a Separation Incentive Program that was offered by the City during 2002. Provisions of the Separation Incentive Program allowed members to buy a limited amount of additional service credit if they paid both the member and employer contributions for the time they wished to purchase. These changes resulted in higher than normal member contributions during 2002.
- Employer contributions decreased by \$2.4 million (6.6%) compared to 2002. This decrease is attributed to the changes made to the Plan that allowed the members to buy additional service credit for opportunities they previously missed. The 2002 employer contributions include contributions paid by the employee when buying additional service credit.
- Net investment gain and other income was \$291 million in 2003 whereas 2002 experienced a \$122 million loss.

Expenses – Deductions from Net Plan Assets

- Retiree benefits increased by \$4.7 million (6.9%) partly due to COLA increases and partly due to the natural turnover of retirees and beneficiaries with new retirees being added to the payroll with much higher monthly allowances than the retirees and beneficiaries that have died during the year.
- Refunds of contributions increased by \$1.2 million (10%), and is at least partly attributed to the withdrawals made in 2003 by the employees that were laid off at the end of 2002.

## Plan Membership

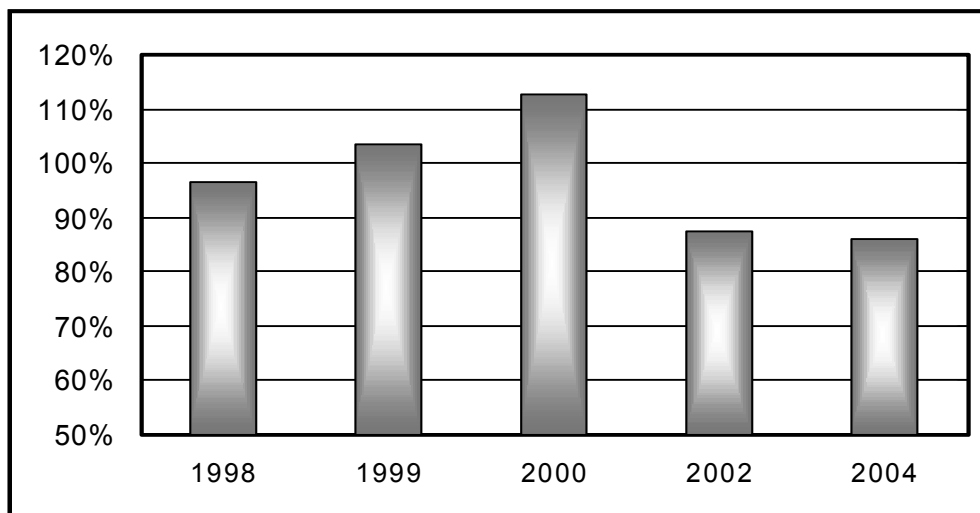
The table below reflects the active membership and retiree changes during 2003:

### Changes in Plan Membership For the Years Ending December 31, 2003 and 2002

	<b>2003</b>	<b>2002</b>	<b>% Change</b>
Retirees and Beneficiaries Receiving Benefits	<u>4,876</u>	<u>4,858</u>	0.4
Current and Terminated Employees Entitled to, But Not Yet Receiving Benefits:			
Current Employee Members	8,382	8,353	0.3
Vested Employee Members	1,389	1,199	15.8
Vested Employee Members with Portability	<u>193</u>	<u>185</u>	4.3
Total	<u>9,964</u>	<u>9,737</u>	2.3

## Funding Status

### Schedule of Funding Progress Funding Ratio As of January 1<sup>st</sup> Valuation Date



Funds are accumulated from employer and employee contributions, and investment earnings, and are used to pay present and future benefit obligations and administrative expenses. The better the level of funding, the larger the ratio of assets accumulated and investment income potential. Although the historical level of funding for the Seattle City Employees' Retirement System is adequate, we continue to make a constant effort to achieve a fully funded status, thereby assuring the participants of a financially sound retirement system. The funding ratio as of January 1, 2004 was 85.9%. Most active members contribute 8.03% of their salaries to the retirement fund and the City contributes 8.03%. For a detailed breakdown of the funding progress, please see the "Actuarial Section".



## Investment Activities

One-year returns on asset classes and comparative benchmarks are presented in the table below:

### Investment Return For the Years Ending December 31, 2003 and 2002

	2003	2002
Total Portfolio	23.6 %	(8.4) %
Domestic Equities	33.7	(21.7)
<i>Benchmark: Russell 3000 Index</i>	31.1	(21.6)
International Equities	34.0	(13.1)
<i>Benchmark: MSCE EAFE Index</i>	39.2	(15.7)
Fixed Income	8.5	5.9
<i>Benchmark: Lehman Brothers Aggregate</i>	4.1	10.3
Real Estate	10.8	6.0
<i>Benchmark: Russell NCREIF Property Index</i>	7.2	4.2
Alternative (combined)	25.2	(11.8)
Concentrated – Post IPO	91.0	(40.6)
Venture Capital	(0.3)	(8.7)
Hedge Funds	9.4	3.9
<i>Benchmark: EACM 100 (Hedge Funds)</i>	12.4	2.5
<i>Benchmark: Wilshire Micro Cap Index</i>	92.1	(8.5)
<i>(Concentrated and Venture)</i>		

The investments of the Retirement System are governed primarily by the “prudent investor rule.” The prudent investor rule, as set forth by state statute, establishes a standard for all fiduciaries, which includes anyone who has authority with respect to the fund.

Rebounding financial markets in the U.S. and abroad impacted the System’s investments, and resulted in a net gain in value of \$290,999,224. The gain on the market value of the total investment portfolio was 23.6%. 2003 was a positive year for most domestic and international equity investments, even our fixed income and real estate investments performed well. The Retirement System invests retirement funds for the long-term, anticipating both good and bad financial markets. Investments are diversified to reduce investment risk.

### Effect of Economic Factors

After years of growth during the 1990’s, the U.S. economy experienced a downturn and recession in 2001, with the equity market showing no signs of recovery until March of 2003. While increases in the levels of unemployment seems to have slowed, job creation has not occurred even though we are beginning to see corporate profits increase. While the nation is beginning to recover from the recession, the Puget Sound region lags behind. There are signs, however, that the regional economy has reached bottom. Since the funding of the Retirement System is determined by employee and employer contributions and long-term investment income, the Seattle City Employees’ Retirement System is structured to continue to provide the retirement benefits earned by its members.

### Contacting the Seattle City Employees’ Retirement System

If you have questions about this report or need additional information, please contact us by phone at: (206) 386-1293 or by email at: [RetireCity@Seattle.gov](mailto:RetireCity@Seattle.gov) or you may mail your questions to:

Seattle City Employees’ Retirement System  
801 Third Avenue, Suite 300  
Seattle, WA 98104

**Seattle City Employees' Retirement System****Statements of Plan Net Assets**

As of December 31, 2003 and 2002

	<b>2003</b>	<b>2002</b>
<b>Assets:</b>		
Cash and equity in pooled investments	\$ 11,754,967	\$ 10,710,291
Short-term investment funds	33,057,318	22,885,580
Securities lending collateral	148,226,605	133,817,297
Receivables:		
Plan members	1,916,304	609,140
Employer	169,642	326,217
Interest and dividends	2,751,635	4,427,656
Total Receivables	<u>4,837,581</u>	<u>5,363,013</u>
Investments, at fair value:		
U.S. Government obligations	179,339,010	197,903,765
Domestic corporate bonds	138,205,814	171,506,110
Domestic stocks	753,245,378	469,489,455
International stocks	172,920,787	240,704,538
International bonds	11,355	
Mortgages	52,915	56,086
Real estate	114,774,442	63,800,112
Alternative / Venture capital	126,300,602	79,322,739
Total Investments	<u>1,484,850,303</u>	<u>1,222,782,805</u>
Equipment and fixtures, at cost, net of accumulated depreciation of \$196,645 and \$194,325, respectively	<u>5,185</u>	<u>7,505</u>
Total Assets	<u>1,682,731,959</u>	<u>1,395,566,491</u>
<b>Liabilities:</b>		
Refunds payable and other	6,993,952	7,062,130
Securities lending collateral	148,226,605	133,817,297
Total Liabilities	<u>155,220,557</u>	<u>140,879,427</u>
<b>Net assets held in trust for pension benefits</b>	<b>\$ <u>1,527,511,402</u></b>	<b>\$ <u>1,254,687,064</u></b>
(A schedule of funding progress for the plan is presented on page 13.)		

See notes to financial statements.

**Seattle City Employees' Retirement System****Statements of Changes in Plan Net Assets**

For the Years Ended December 31, 2003 and 2002

	<u>2003</u>	<u>2002</u>
<b>Additions:</b>		
Contributions:		
Employer	\$ 34,200,693	\$ 36,599,830
Plan members	36,243,490	39,388,249
Total Contributions	70,444,183	75,988,079
Investment Income (Loss):		
Net appreciation (depreciation) in fair value of investments	268,404,698	(149,223,707)
Interest	17,986,333	19,050,919
Dividends	7,727,341	10,629,733
Total Investment Gain (Loss)	294,118,372	(119,543,055)
Investment Activity Expenses:		
Investment management fees	(3,202,316)	(2,958,228)
Performance measurement and asset allocation fees	(93,750)	(76,625)
Investment custodial fees	(374,081)	(274,322)
Total Investment Activity Expenses	(3,670,147)	(3,309,175)
<i>Net Gain (Loss) From Investment Activities</i>	290,448,225	(122,852,230)
Securities Lending Activities:		
Securities lending income	2,120,678	2,635,715
Securities lending expenses:		
Borrower rebates	(1,403,191)	(2,009,087)
Management fees	(166,488)	(181,702)
Total Securities Lending Activities Expenses	(1,569,679)	(2,190,789)
<i>Net Income from securities lending activities</i>	550,999	444,926
Total Net Investment Gain (Loss)	290,999,224	(122,407,304)
Total Additions (Loss)	361,443,407	(46,419,225)
<b>Deductions:</b>		
Benefits	73,559,728	68,825,558
Refunds of contributions	13,218,137	12,019,852
Administrative expense	1,841,204	1,750,250
Total Deductions	88,619,069	82,595,660
<b>Net Increase (Decrease)</b>	272,824,338	(129,014,885)
<b>Net assets held in trust for pension benefits:</b>		
Beginning of Year	<u>1,254,687,064</u>	<u>1,383,701,949</u>
End of Year	\$ <u>1,527,511,402</u>	\$ <u>1,254,687,064</u>

See notes to financial statements.

## SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM NOTES TO THE FINANCIAL STATEMENTS

### Note 1: Plan Description

The Seattle City Employees' Retirement System (the System) is a single-employer defined benefit public employee retirement system, covering employees of the City of Seattle and administered in accordance with Chapter 4.36 of the Seattle Municipal Code. The System is a pension trust fund of the City of Seattle.

All employees of the City of Seattle are eligible for membership in the System with the exception of uniformed police and fire personnel who are covered under a retirement system administered by the state of Washington. Employees of METRO and the King County Health Department who established membership in the System when these organizations were City of Seattle Departments were allowed to continue their System membership. There are currently 4,876 retirees and beneficiaries receiving benefits; and 8,382 active members of the System. There are 1,389 vested terminated employees entitled to future benefits. There are 193 additional terminated employees who have restored their contributions due to the provisions of the portability statutes and may be eligible for future benefits.

The System provides retirement, death, and disability benefits. Retirement benefits vest after five years of credited service, while death and disability benefits vest after 10 years of service. Retirement benefits are calculated as 2% multiplied by years of creditable service, multiplied by average salary, based on the highest 24 consecutive months. The benefit is actuarially reduced for early retirement.

### Note 2: Summary of Significant Accounting Policies and Plan Asset Matters

**Basis of accounting:** The financial statements were prepared using the accrual basis of accounting.

**New accounting standard:** The Fund adopted Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, as amended, during 2002. The impact of this statement, as amended, is the inclusion of Management's Discussion and Analysis preceeding the financial statements.

In March 2003, the GASB issued Statement No. 40, *Deposit and Investment Risk Disclosures*. This statement establishes and modifies disclosure requirements related to investment risks: credit risk (including custodial credit risk and concentrations of credit risk), interest rate risk, and foreign currency risk. This statement also establishes and modifies disclosure requirements for deposit risks: custodial credit risk and foreign currency risk. The requirements of this statement are effective for the System's financial statements for periods beginning after June 15, 2004 (January 1, 2005). The System is in the process of determining the impact of this standard on the System's financial statements.

**Cash and equity in pooled investments:** The System classifies as cash and equity in pooled investments cash on deposit in financial institutions and cash on deposit in the City's internal cash management pool. The System also classifies certain short-term highly liquid securities with an original maturity of three months or less as cash equivalents.

**Method used to value investments:** Common stock, international equities, fixed income, international fixed income, and short-term investments are reported at fair market value which is based on the quoted market price. Venture capital and real estate equities are reported at fair market value which has been determined by independent appraisers. Investment income consists of realized and unrealized appreciation (depreciation) in the fair value of investments, interest income earned, less investment expense, plus income from securities lending activities, less deductions for security lending expenses. Securities and securities transactions are reflected in the financial statements on a trade-date basis. Investments are made in accordance with the Prudent Person Rule as defined by the State of Washington RCW 35.39.060.

**Contributions:** Employee and employer contributions are reported in the period in which the contributions are due.

**Equipment and fixtures:** Fixed assets are stated at actual cost less accumulated depreciation. Estimated useful lives by major class include: three years for computer equipment and 15 years for office furniture and equipment. The straight-line method of depreciation method is used.

**Note 3: Contributions**

Member and employer contribution rates are established by the Seattle Municipal Code Chapter 4.36.

The employer contribution rate is determined by the actuarial formula identified as the Entry Age Cost Method. The formula determines the amount of contributions necessary to fund the current service cost, representing the estimated amount necessary to pay for benefits earned by the employees during the current service year and the amount of contributions necessary to pay for prior service costs. Total necessary contributions, including amounts necessary to pay administrative costs, are determined through biannual actuarial valuations.

Actuarially determined contribution rates are currently 8.03% for members and 8.03% for the employer. There are no long-term contracts for contributions outstanding and no legally required reserves.

**Note 4: Cash and Equity in Pooled Investments**

The Federal Deposit Insurance Corporation (FDIC) insures the cash deposits up to \$100,000 per member of the System. As provided by State of Washington RCW 43.84, the Washington Public Deposit Protection Commission (PDPC) collateralizes deposits in excess of \$100,000. The bank balances of deposits as of the balance sheet date are entirely insured. The bank balance and carrying amount of the System's cash and cash equivalents with financial institutions was \$11,754,967 and \$10,710,291 as of December 31, 2003 and 2002, respectively.

**Note 5: Investments**

The System's investments are categorized to give an indication of the level of risk assumed by the System at year end. Category 1 includes investments that are insured or registered or securities held by the System or its agent in the System's name. Category 2 includes uninsured and unregistered investments with securities held by the counterparty's trust department or agent in the System's name. Category 3 includes uninsured and unregistered investments with securities held by the counterparty or by its trust department or agent but not in the System's name. There are no investments held by the System in Category 2 or 3.

The common stock, U.S. government securities, and bonds meet the criteria of Category 1 as shown on the following table. The certificates of deposit, investments in real estate, notes receivable, mutual funds, and collective trusts, by their nature, are not required to be categorized.

	<b>2003</b>	<b>2002</b>
U.S. Government obligations	\$ 179,339,010	\$ 197,903,795
International bonds	11,355	
Domestic corporate bonds	138,205,814	171,506,110
Domestic stocks	753,245,378	469,489,455
International stocks	172,920,787	240,704,538
<b>Total Investments in Risk Category 1</b>	<b>\$ 1,243,722,344</b>	<b>\$ 1,079,603,898</b>
Uncategorized investments:		
Short-term investment funds	181,283,923	156,702,877
Mortgages	52,915	56,086
Real estate	114,774,442	63,800,112
Alternative / Venture capital	126,300,602	79,322,739

No investment in any one corporation exceeds 5% of net assets available for benefits. Less than 5% of plan assets were invested in derivative securities. All derivatives were high quality nonleveraged securities consisting of collateralized mortgage obligations (CMOs), Treasury strips, convertible bonds, futures, etc.

Short-term Investment Funds is a collective trust that may include certificates of deposit, Treasury bills, and mutual funds. The Alternative / Venture category currently includes venture capital and hedge funds.



**Note 6: Securities Lending Transactions**

Gross income from securities lending transactions are recorded in the operating statements as well as the various fees paid to the institution that oversees the lending activity. Assets and liabilities include the value of the collateral that is being held.

Under the authority of State of Washington RCW 41.28.005 and Seattle Municipal Code 4.36.130, the System's Board of Administration adopted investment policies that define eligible investments, which include securities lending transactions. Through a custodial agent, the System participates in a securities lending program whereby securities are loaned for the purpose of generating additional income to the System. The System lends securities from its investment portfolio on a collateralized basis to third parties, primarily financial institutions. The market value of the required collateral must meet or exceed 102% of the market value of the securities loaned, providing a margin against a decline in the market value of the collateral. There are no restrictions on the amount of securities that may be loaned. The contractual agreement with the System's custodian provides indemnification in the event the borrower fails to return the securities lent or fails to pay the System income distribution by the securities' issuers while the securities are on loan. Cash and U.S. government securities were received as collateral for these loans. The System cannot pledge or sell collateral securities without a borrower default. The System invests cash collateral received; accordingly, investments made with cash collateral appear as an asset. A corresponding liability is recorded as the System must return the cash collateral to the borrower upon the expiration of the loan. There have been no losses resulting from a default, and the System did not have negative credit exposure at December 31, 2003.

	<b>2003</b>		<b>2002</b>	
	Fair Value of		Fair Value of	
<b>Types Of Securities Lent:</b>	Securities Lent	Collateral	Securities Lent	Collateral
U.S. Government and Agencies	\$ 61,684,550	\$ 63,079,818	\$ 69,168,316	\$ 69,733,239
U.S. Corporate Fixed Income	16,554,632	16,928,160	22,912,177	23,501,772
U.S. Equities	66,363,890	68,218,627	37,345,033	38,640,586
Non-U.S. Equities			1,858,881	1,941,700
<b>Totals</b>	<b>\$ 144,603,072</b>	<b>\$ 148,226,605</b>	<b>\$131,284,407</b>	<b>\$133,817,297</b>
	<b>2003</b>		<b>2002</b>	
<b>Collateral Report:</b>				
U.S. Corporate Obligations	\$	77,514,130	\$	114,506,489
Bank Obligations		22,985,130		4,999,521
Repurchase Agreements		47,727,345		14,311,297
<b>Total Collateral</b>		<b>\$ 148,226,605</b>		<b>\$133,817,297</b>

**REQUIRED SUPPLEMENTARY INFORMATION****SCHEDULE OF FUNDING PROGRESS**

(Dollar amounts in millions)

Actuarial Valuation Date January 1,	Actuarial Value of Assets (a)	Actuarial Accrued Liabilities (AAL) - Entry Age (1) (b)	Unfunded AAL (UAAL) (2) (b - a)	Funded Ratio (a / b)	Covered Payroll (3) (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
1998 (4)	1,224.6	1,266.7	42.1	96.7	316.3	13.3
1999	1,375.0	1,326.6	(48.4)	103.6	341.5	(14.2)
2000	1,582.7	1,403.1	(179.6)	112.8	370.4	(48.5)
2001 (5)	1,493.1	1,490.3	(2.8)	100.2	405.0	(0.7)
2002	1,383.7	1,581.4	197.7	87.5	405.1	48.8
2004	1,527.5	1,778.9	251.4	85.9	424.7	59.2

- (1) Actuarial present value of benefits less actuarial present value of future normal costs based on Entry Age Actuarial Cost Method.
- (2) Actuarial accrued liabilities less actuarial value of assets.
- (3) Covered Payroll includes compensation paid to all active employees on which contributions are calculated.
- (4) These numbers represent the valuation after a cost-of-living-adjustment (COLA) was implemented in 1998 for both active and retired members.  
There also was a valuation prior to the implementation of the COLA, which listed the Actuarial Liability for column (b) above as \$1,105,800,000. This reflected a funding excess of \$118,800,000.
- (5) These numbers were provided by an actuarial study, rather than a full valuation.

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

(Dollar amounts in millions)

<b>Year Ended December 31</b>	<b>Actual Employer Contributions</b>	<b>Percentage Contributed</b>
1999	\$ 29.7	100
2000	30.8	100
2001	32.7	100
2002	36.6	100
2003	34.2	100

(For additional information regarding employer contributions, please see the notes to the financial statements.)

Additional information as of the latest actuarial valuation follows:

Valuation date	1/1/2004
Actuarial cost method	Entry age
Amortization method	Level percent
Remaining amortization period	30.2 years
Amortization period	Open
Asset valuation method	Market
Actuarial assumptions:	
Investment rate of return *	7.75 %
Projected salary increases *	4.00 %

\* Includes inflation at 3.50 %

SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM  
 SCHEDULE OF ADMINISTRATIVE EXPENSES  
 For the Years Ended December 31, 2003 and 2002

	<b>Budget 2003</b>	<b>Actual Expenses 2003</b>	<b>2002</b>
Personnel Services			
Salaries	\$ 756,536	\$ 640,650	\$ 626,355
Benefits	<u>228,874</u>	<u>191,042</u>	<u>374,035</u>
Total Personnel Services	985,410	831,692	1,000,389
 Maintenance and Operations			
Investment Services	5,323,306	3,670,147	3,309,175
Actuarial Services	59,100	87,250	36,750
Miscellaneous Services	5,000	122,750	89,029
Office Rent	114,631	108,598	94,451
Data Processing	612,607	581,291	361,838
Office Supplies and Expenses	81,321	42,894	58,850
Postage	48,270	32,357	42,087
Telephone	14,484	13,696	14,349
Travel	24,770	10,733	20,552
Training	35,213	7,623	4,415
Depreciation	<u>2,320</u>	<u>2,320</u>	<u>27,540</u>
Total Maintenance and Operations	6,318,702	4,679,659	4,059,036
 Securities Lending Fees (Investment Expense)		<u>1,569,679</u>	<u>2,190,789</u>
 <b>Total Administrative Expenses</b>	 <b><u>\$ 7,304,112</u></b>	 <b><u>\$ 7,081,030</u></b>	 <b><u>\$ 7,250,214</u></b>

(This schedule includes investment services and securities lending as part of administrative expenses.)

SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM  
SCHEDULE OF INVESTMENT EXPENSES  
For the Year Ended December 31, 2003

Investment Services

Amerindo Investments	\$ 229,410
Barclays	110,411
Bear Stearns	135,684
Capital Guardian Trust	355,324
Dimensional Fund Advisors	91,249
Lazard	279,145
MFS	302,147
MDL	51,727
Pugh Capital	58,699
Putnam	366,436
Reams	134,948
Wall Street Associates	240,886
Western Asset	482,454
Wellington	363,796
	<u>3,202,316</u>

Performance Measurement

Wurts & Associates	93,750
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Custodial Services

Bank of New York	374,081
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Securities Lending Services

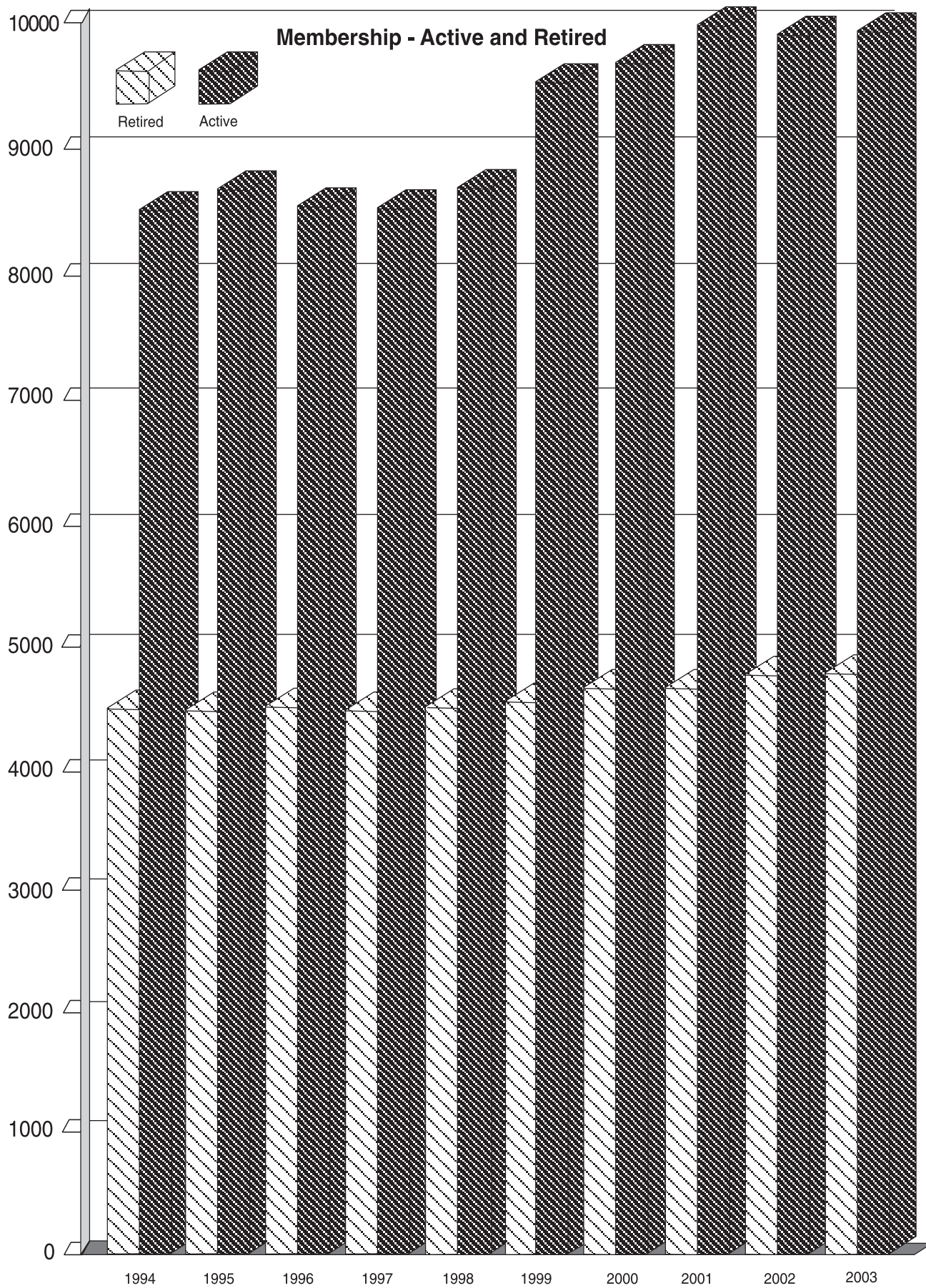
Bank of New York	<u>1,569,679</u>
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<b>Total Investment Expenses</b>	<b>\$ <u>5,239,826</u></b>
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SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM  
SCHEDULE OF INVESTMENT CASH AND SECURITIES  
December 31, 2003

	<b>Market</b>
Short-term Investments	\$ 33,057,318
Domestic stocks:	
Bear Stearns	52,123,361
Dimensional Fund Advisors	116,072,201
Capital Guardian	47,505,460
Wall Street Associates	34,941,483
Wellington	69,006,552
Barclays - Russell 3000 Fund	80,764,580
Barclays - S&P 500 Fund	352,831,741
Total domestic stocks	<u>753,245,378</u>
Real estate:	
Frank Russell Company	
Kennedy - MEPT	
J.P. Morgan	72,138,711
TA Associates VI	6,363,248
Hearthstone III	2,880,241
RREEF - West VI	37,161
RREEF - REIT II	14,977,513
Kennedy - MEPT	15,828,264
Shurgard	2,549,304
Total real estate	<u>114,774,442</u>
Fixed Income:	
Transition Account	8,693,610
MDL Capital	21,880,140
Pugh Capital	22,826,407
Reams	44,031,252
Western Asset	199,086,241
Barclays - Intermediate Gov't/Corp Fund	18,158,846
In-house - BONY	2,868,328
In-house - Seattle	52,915
Total fixed income	<u>317,597,739</u>
International stocks:	
Capital Guardian - EAFE	41,217,503
Lazard	37,005,524
MFS	39,815,114
Putnam	35,144
Transition Account	136,640
Dimensional Fund Advisors	35,022,286
Barclays - EAFE Fund	19,688,576
Total international stocks	<u>172,920,787</u>
International bonds	
Transition Account	11,355
Total international bonds	<u>11,355</u>
Alternative / Venture capital:	
Amerindo	11,836,274
Advent Capital	10,887,300
Coast Diversified Fund	10,099,000
Epsilon Global Value II	10,000,000
Tremont Diversified	20,000,000
Phoenix Partners - III	1,395,841
Phoenix Partners - IV	3,183,443
Quellos	58,898,744
Total Alternative / Venture capital	<u>126,300,602</u>
Total Investment Holdings	<u>1,517,907,621</u>
Total Cash and Cash Equivalents	11,754,967
Total Securities Lending Collateral	148,226,605
<b>Total Investments and Cash</b>	<b>\$ <u>1,677,889,193</u></b>







Human Resources &amp; Investor Solutions

June 10, 2004

Seattle City Employees' Retirement System  
801 Third Avenue, Suite 300  
Seattle, WA 98104

Dear Members of the Board:

The actuarial valuation of the Seattle Employees' Retirement System as of January 1, 2004 was performed by Mellon and the results presented in the actuarial valuation report issued May 27, 2004.

The valuation was prepared relying, without audit, on financial and data information supplied by the System's staff. This data was found to be reasonably consistent and comparable to data used for other purposes.

The financial objective of the System is to establish contribution rates which tend to remain level as a percentage of payroll and to maintain a well-funded status. As of January 1, 2004, the funded ratio is 85.9%. The January 1, 2004 valuation shows that the current contribution rates are sufficient to pay the normal cost and amortize the unfunded actuarial accrued liability over 30.2 years. This is a longer period than System's Funding Policy, but within the guidelines set by the Governmental Accounting Standards Board (GASB) Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*.

The System policy has been to perform actuarial valuations every two years. The next actuarial valuation will then be as of January 1, 2006.

The actuarial assumptions used in the current actuarial valuation are summarized in Exhibit 1, which also discusses the method used to value assets.

The assumptions and methods used for funding purposes meet the parameters set for disclosures presented in the financial section by GASB Statement No. 25. In our experience, the assumptions used in the valuation are reasonably related to the past experience of the System. They represent the actuary's best estimate of future conditions affecting the System. However, the emerging costs of the System will vary from those presented in this report to the extent that actual experience differs from that projected by the actuarial assumptions.

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*A Mellon Financial Company.<sup>SM</sup>*

Members of the Board  
June 10, 2004  
Page 2

Mellon is solely responsible for the information contained in this letter and shown on the following exhibits:

Exhibit 1	Summary of Actuarial Assumptions and Methods
Exhibit 2	Schedule of Active Member Valuation Data
Exhibit 3	Schedule of Retirees and Beneficiaries
Exhibit 4	GASB Statement No. 27 Annual Pension Cost and Net Pension Obligation
Exhibit 5	Schedule of Funding Progress
Exhibit 6	Solvency Test
Exhibit 7	Schedule of Employer Contributions
Exhibit 8	GASB Statement No. 27 Three-Year Trend Information
Exhibit 9	GASB Statement No. 27 Annual Development of Pension Cost
Exhibit 10	Analysis of Financial Experience

Sincerely,



William B. Fornia, F.S.A.  
Principal and Consulting Actuary



Lilda E. Hoeflich, E.A.  
Director, Retirement Actuary

/mlp

c: Mr. Norm Ruggles

## EXHIBIT 1

## SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM ACTUARIAL VALUATION – JANUARY 1, 2004

### SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

1. **Interest Rate** 7.75% per annum compounded annually, net of investment expenses.
2. **Experience - Active Employees**
  - a. **Retirement** Eligible for Unreduced Retirement:

Age	Annual Rate Per 100 Members Eligible to Retire			
	Males		Females	
	1 <sup>st</sup> Year Eligible	Thereafter	1 <sup>st</sup> Year Eligible	Thereafter
Less than 50	10	10	10	10
50	15	12	10	10
51	15	12	10	10
52	15	12	10	10
53	15	12	10	10
54	15	12	10	10
55	15	12	12	12
56	15	12	12	12
57	15	12	12	15
58	15	12	12	15
59	15	15	12	18
60	20	15	18	20
61	30	30	20	25
62	60	50	65	40
63	60	25	65	45
64	50	40	60	55
65	50	50	60	60
66	50	35	60	40
67	50	35	60	35
68	50	35	60	35
69	50	35	60	35
70	100	100	100	100

## EXHIBIT 1

## SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM ACTUARIAL VALUATION – JANUARY 1, 2004

### SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

**a. Retirement (cont'd)**

Eligible for Reduced Retirement:

Age	Annual Rate Per 100 Members Eligible to Retire	
	Males	Females
Less than 50	0	0
50	6	5
51	6	5
52	6	5
53	6	5
54	6	5
55	6	5
56	6	5
57	6	5
58	6	6
59	7	8
60	10	10
61	15	14
62	18	24
63	20	15
64	25	15

**b. Disability**

One-third of all disabilities are assumed to be duty-related; two-thirds are non-duty related. Graduated rates for all disabilities:

Age	Annual Rate Per 100 Members Eligible to Retire	
	Males	Females
20	0	0
30	.05	.05
40	.07	.07
45	.07	.07
50	.10	.10
55	.10	.10



## EXHIBIT 1

## SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM ACTUARIAL VALUATION – JANUARY 1, 2004

### SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

**c. Mortality**

Males: 50% of rates from 1994 Group Annuity Mortality Table for Males with ages set forward one year.

Females: 75% of rates from 1994 Group Annuity Mortality Table for Females, with ages set forward one year.

Age	Annual Rate Per 100 Members Eligible to Retire	
	Males	Females
20	.03	.02
30	.04	.03
40	.06	.06
45	.09	.08
50	.14	.12
55	.25	.19

**d. Separation**

Years of Service	Annual Rate Per 100 Members	
	Males	Females
1	11.0	11.5
2	10.0	10.5
3	9.0	9.5
4	8.0	8.8
5	7.0	8.1
6	6.0	7.5
7	5.5	7.0
8	5.0	6.3
9	4.6	5.7
10	4.3	5.2
11	4.0	4.7
12	3.7	4.2
13	3.5	3.7
14	3.3	3.2
15	3.0	2.8
16	2.7	2.4
17	2.5	2.1
18	2.3	1.8
19	2.0	1.8
20	1.7	1.8
21 & up	1.5	1.8

## EXHIBIT 1

# SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM

## ACTUARIAL VALUATION – JANUARY 1, 2004

### SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

#### e. Earnings

Years of Service	Annual Rate of Increase				
	Merit		Wage Inflation *	Total	
	Males	Females		Males	Females
1	5.77%	5.77%	4.00%	9.77%	9.77%
2	4.73%	4.73%	4.00%	8.73%	8.73%
3	3.68%	3.68%	4.00%	7.68%	7.68%
4	2.64%	2.64%	4.00%	6.64%	6.64%
5	2.11%	2.11%	4.00%	6.11%	6.11%
10	0.86%	0.86%	4.00%	4.86%	4.86%
15	0.39%	0.39%	4.00%	4.39%	4.39%
20	0.13%	0.29%	4.00%	4.13%	4.29%
25	0.13%	0.29%	4.00%	4.13%	4.29%
30	0.13%	0.29%	4.00%	4.13%	4.29%
35 & up	0.13%	0.29%	4.00%	4.13%	4.29%

\* Includes 3.5% inflation and ½% payroll growth

#### 3. Experience - Pensioners

##### a. Retired Mortality

1994 Group Annuity Mortality Table with ages set forward one year

Age	Annual Rate Per 100 Members	
	Males	Females
50	.29	.16
55	.50	.26
60	.90	.51
65	1.62	.97
70	2.60	1.50
75	4.09	2.53
80	6.86	4.40

## EXHIBIT 1

## SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM ACTUARIAL VALUATION – JANUARY 1, 2004

### SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

- b. Totally Disabled Mortality**      1992 Railroad Retirement Board Disabled Annuitants Ultimate Mortality Table, with ages set back four years and a minimum rate of 2%.

Age	Annual Rate Per 100 Members
50	2.0
55	2.0
60	2.0
65	2.8
70	4.6
75	7.2
80	10.9

**4. Marital Status of Active Members**

- a. Percent married or have a registered domestic partner**

60% male and female.

- b. Age difference**

Males and females are assumed to be the same age.

**5. Election of Deferred Vested Benefits**

Vested terminating members will elect to receive a deferred vested benefit instead of receiving their accumulated contributions based upon their age at termination.

Selected rates follow:

Years of Service	Annual Rate Per 100 Members
20	0
30	18
40	30
50	40
60	45
62 & over	45

Terminating vested members who elect to receive a deferred benefit are assumed to commence benefits at age 62.

## EXHIBIT 1

**SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM  
ACTUARIAL VALUATION – JANUARY 1, 2004**

---

**SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS**

- |     |   |   |
|-----|---|---|
| 6.  | <b>Expenses</b>                           | Administrative expenses are assumed to be .35% of members salaries and is reflected in the normal cost rate.  |
| 7.  | <b>Interest on Members' Contributions</b> | 5.75% per annum, compounded annually.   |
| 8.  | <b>Cost of Living</b>                     | After the 60% Restoration of Purchasing Power (ROPP) is applicable to a member, 3.5% per year. Prior to application of the ROPP, members who retired prior to January 1, 1998 are assumed to receive annual COLAs of approximately 2/3% and members who retired on or after January 1, 1998 are assumed to receive 1.5% annual COLAs. |
| 9.  | <b>Actuarial Cost Method</b>              | Entry Age Normal gains and losses are reflected immediately in the unfunded actuarial accrued liability which is amortized as a level percentage of projected payroll.  |
| 10. | <b>Asset Valuation Method</b>             | Market Value.   |

## SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM ACTUARIAL VALUATION – JANUARY 1, 2004

## EXHIBIT 2

## SCHEDULE OF ACTIVE MEMBER VALUATION DATA

Valuation Date	Number	Annual Valuation Payroll*	Average Annual Pay	Annualized % of Increase in Average Pay
8/31/82	6,839	\$170,737,000	\$24,965	0.0%
1/1/84	6,702	176,414,000	26,322	4.0
1/1/86	6,797	187,435,000	27,576	2.4
1/1/88	7,049	203,230,000	28,831	2.3
1/1/90	7,225	230,417,000	31,892	5.2
1/1/92	7,942	264,564,000	33,312	2.2
1/1/94	8,025	287,316,000	35,803	3.7
1/1/96	8,078	314,448,000	38,926	4.3
1/1/97	7,909	312,744,000	39,543	1.6
1/1/98	7,926	329,028,000	41,512	5.0
1/1/99	7,779	333,984,000	42,934	3.4
1/1/2000	8,669	382,620,000	44,137	2.8
1/1/2002	8,758	418,908,000	47,831	8.4
1/1/2004	8,382	441,562,000	52,680	10.1

\*Actuarial Valuation payroll is computed as the sum of the annualized salaries for all active members and differs from the actual payroll shown in the financial section of the annual report.

## EXHIBIT 3

## SCHEDULE OF RETIREES AND BENEFICIARIES \*\*

Valuation Date	Number	Annual Allowances*	Average Annual Allowance	Annualized % of Increase in Average Allowances
8/31/82	4,058	\$19,942,000	\$4,914	0.0%
1/1/84	4,276	24,060,000	5,627	10.7
1/1/86	4,424	26,329,000	5,951	25.8
1/1/88	4,524	30,926,000	6,836	7.2
1/1/90	4,809	35,541,000	7,391	4.0
1/1/92	4,663	37,595,000	8,062	4.4
1/1/94	4,615	40,233,000	8,718	4.0
1/1/96	4,619	44,271,000	9,584	4.9
1/1/97	4,661	47,594,000	10,211	6.5
1/1/98	4,649	50,310,000	10,822	6.0
1/1/99	4,644	52,481,000	11,301	4.4
1/1/2000	4,681	55,542,000	11,865	8.0
1/1/2002	4,733	61,801,000	13,058	10.1
1/1/2004	4,876	74,341,000	15,246	16.8

\*\*Information regarding the number of retirees and beneficiaries added to and removed from the roll was not used in the actuarial valuations.

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## SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM

### ACTUARIAL VALUATION – JANUARY 1, 2004

## EXHIBIT 4

#### GASB STATEMENT NO. 27 ANNUAL PENSION COST AND NET PENSION OBLIGATION

		Fiscal Year Ended December 31	
		2002	2003
1a	Total Normal Cost Rate	13.53%	13.74%
1b	Employee Contribution Rate	<u>8.03%</u>	<u>8.03%</u>
1c	Employer Normal Cost Rate (1a-1b)	5.50%	5.71%
2a	Total Employer Contribution Rate	8.03%	8.03%
2b	Amortization Payment Rate (2a-1c)	2.53%	2.32%
2c	Amortization Period	30*	28.7
2d	GASB 27 Amortization Rate	(2.46%)	2.32%
3	Total Annual Required Contribution (ARC) Rate (1c+2d)	3.04%	8.03%
4	Covered Employee Payroll**	\$ 454,479,875	\$ 424,663,225
5a	ARC (3x4)	\$ 13,816,188	\$ 34,100,457
5b	Interest on Net Pension Obligation (NPO)	(3,846,265)	(5,774,603)
5c	ARC Adjustment	<u>2,525,683</u>	<u>3,556,673</u>
5d	Annual Pension Cost (APC) (5a+5b+5c)	\$ 12,495,606	\$ 31,882,527
6	Employer Contribution***	\$ 36,599,830	\$ 34,200,693
7a	Change in NPO (5d-6)	\$ (24,104,224)	\$ (2,318,166)
7b	NPO at Beginning of Year	<u>(48,078,316)</u>	<u>(72,182,540)</u>
7c	NPO at End of Year (7a+7b)	\$ (72,182,540)	\$ (74,500,706)

\* If the amortization period determined by the actual contribution rate exceeds the maximum amortization period required by GASB Statement No. 27, the ARC is determined using an amortization payment rate based on a 30-year amortization period.

\*\* Covered payroll includes compensation paid to all active employees on which contributions were made in the year preceding the valuation date.

\*\*\* Includes contributions to the death Benefit System for 2002 and 2003.



# SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM ACTUARIAL VALUATION – JANUARY 1, 2004

Exhibit 5

## SCHEDULE OF FUNDING PROGRESS (Dollar Amounts in Millions)

Actuarial Valuation Date January 1	Actuarial Value of Assets	Actuarial Accrued Liabilities (AAL) <sup>(1)</sup>	Unfunded Actuarial Accrued Liabilities (UAAL) <sup>(2)</sup>	Funded Ratio	Covered Payroll <sup>(3)</sup>	UAAL as a Percentage of Covered Payroll
1988	\$ 445.4	\$ 595.3	\$ 149.9	74.8%	\$ 199.0	75.3%
1990	558.8	737.9	179.1	75.7	212.3	84.4
1992	660.0	810.5	150.5	81.4	239.4	62.9
1994	781.8	926.2	144.4	84.4	291.8	49.5
1996	980.2	1,019.7	39.5	96.1	310.6	12.7
1997	1,094.8	1,087.3	(7.5)	100.7	316.9	(2.4)
1998 <sup>(4)</sup>	1,224.6	1,266.7	42.1	96.7	341.5	12.3
1999	1,375.0	1,326.6	(48.4)	103.6	370.4	(13.1)
2000	1,582.7	1,403.1	(179.6)	112.8	383.6	(46.5)
2002	1,383.7	1,581.4	197.7	87.5	405.1	48.8
2004	1,527.5	1,778.9	251.4	85.9	424.7	59.2

<sup>(1)</sup> Actuarial present value of benefits less actuarial present value of future normal costs based on Entry Age Actuarial Cost Method.

<sup>(2)</sup> Actuarial accrued liabilities less actuarial value of assets, Funding Excess if negative.

<sup>(3)</sup> Covered Payroll includes compensation paid to all active employees on which contributions are calculated.

<sup>(4)</sup> Reflects increased COLA benefits adopted by the City Council after the valuation was completed.

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9



**SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM  
ACTUARIAL VALUATION – JANUARY 1, 2004**

EXHIBIT 6

**SOLVENCY TEST**  
(Dollar Amounts in Millions)

Actuarial Valuation Date January 1	Actuarial Accrued Liabilities for				Portion of Actuarial Accrued Liabilities Covered by Assets				
	(A)	(B)	(C)	(D)	(A)	(B)	(C)	(D)	
	Actuarial Value of Assets	Active Member Contributions	Inactives, Retirees and Beneficiaries	Active Members (Employer Financed Portion)	Total				
1988	\$ 445.4	\$ 136.0	\$ 303.6	\$ 155.7	\$ 595.3	100.0%	100.0%	3.7%	74.8%
1990	558.8	164.0	332.8	241.1	737.9	100.0	100.0	25.7	75.7
1992	660.0	202.6	357.9	250.0	810.5	100.0	100.0	39.8	81.4
1994	781.8	248.4	383.1	294.7	926.2	100.0	100.0	51.0	84.4
1996	980.2	294.1	409.3	316.3	1,019.7	100.0	100.0	87.5	96.1
1997	1,094.8	313.1	449.8	324.4	1,087.3	100.0	100.0	100.0	100.7
1998 <sup>(1)</sup>	1,224.6	337.3	551.8	377.6	1,266.7	100.0	100.0	88.9	96.7
1999	1,375.0	358.4	577.6	390.6	1,326.6	100.0	100.0	100.0	103.6
2000	1,582.7	385.2	599.4	418.5	1,403.1	100.0	100.0	100.0	112.8
2002	1,383.7	434.3	675.6	471.5	1,581.4	100.0	100.0	58.1	87.5
2004	1,527.5	482.5	758.9	537.5	1,778.9	100.0	100.0	53.2	85.9

<sup>(1)</sup> Reflects increased COLA benefits adopted in 1998.

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10



# SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM ACTUARIAL VALUATION – JANUARY 1, 2004

## EXHIBIT 7

## SCHEDULE OF EMPLOYER CONTRIBUTIONS (Dollar Amounts in Millions)

Fiscal Year Ending December 31	Covered Employee Payroll <sup>(1)</sup>	Actual Employer Contributions <sup>(2)</sup>	Actual Employer Contribution % <sup>(2)</sup>	Annual Required Contribution (ARC) % <sup>(3)</sup>	Percentage of ARC Contributed
1993	\$291.8	\$26.1	8.91%	8.91%	100%
1994	298.0	26.7	8.91	8.91	100
1995	310.6	27.8	8.91	8.91	100
1996	316.9	28.4	8.91	8.91	100
1997	316.3	28.3	8.91	8.91	100
1998 <sup>(4)</sup>	341.5	30.6	8.91	8.91	100
1999	370.4	29.7	8.03	4.50	178
2000	383.6	30.8	8.03	4.50	178
2001	405.1	32.7	8.03	3.04	264
2002	454.5	36.6	8.03	3.04	264
2003	424.7	34.2	8.03	8.03	100

<sup>(1)</sup> Computed as the dollar amount of the actual employer contribution made as a percentage of payroll divided by the contribution rate, expressed as a percentage of payroll.

<sup>(2)</sup> The actual and required employer contributions are expressed as a percentage of payroll, after first recognizing the \$12 per employee assessment made for the death benefits. This assessment per employee is included in the actual employer contributions reported as has been previously recognized by the actuary in determining the ARC.

<sup>(3)</sup> The City makes employer contributions as a percentage of actual payroll as set in the City Ordinance. Thus, as long as the percentage equals the percentage required by the most recent actuarial valuation, the dollar amount of the Annual Required Contributions (ARC) is equal to the actual dollar amount of the employer contributions. Since the City had always contributed on a basis equal to the ARC prior to 1999, the Annual Pension Cost (APC) was equal to the Annual Required Contributions (ARC) and the Net Pension Obligation (NPO) was zero. The City Ordinance does not permit a reduction in the employer contribution rate less than the employee contribution rate. Thus, the City's contributions exceeded the ARC for 1999-2001 and resulted in a negative NPO amount.

<sup>(4)</sup> ARC reflects the increased COLA benefits adopted in 1998.

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11



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**SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM  
ACTUARIAL VALUATION – JANUARY 1, 2004**

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**EXHIBIT 8****GASB STATEMENT NO. 27 THREE-YEAR TREND INFORMATION**

<b>Fiscal Year Ending</b>	<b>Annual Pension Cost (APC)</b>	<b>Contribution as a Percentage of APC</b>	<b>Net Pension Obligation (NPO)</b>
December 31, 2001	\$11,571,321	282%	\$(48,078,316)
December 31, 2002	12,495,606	293	(72,182,540)
December 31, 2003	31,882,527	107	(74,500,706)

# SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM ACTUARIAL VALUATION – JANUARY 1, 2004

## EXHIBIT 9

## GASB STATEMENT NO. 27 ANNUAL DEVELOPMENT OF PENSION COST

Fiscal Year Ending	ARC at EOY	Interest on NPO	ARC Adjustment	Annual Pension Cost (APC)	Total Employer Contributions	Change in NPO	NPO Balance*	Gain/Loss	Amort. Factor	Amort. Of Gain/Loss	Ending Balance
December 31, 1999	16,669,672	0	0	16,669,672	29,746,104	(13,076,432)	(13,076,432)	(13,076,432)	19.05650	-	(13,076,432)
December 31, 2000	17,268,146	(1,046,115)	686,193	16,908,224	30,814,048	(13,905,824)	(26,982,256)	(13,545,902)	19.05650	(686,193)	(26,982,256)
December 31, 2001	12,313,993	(2,158,580)	1,415,908	11,571,321	32,667,381	(21,096,060)	(48,078,316)	(20,353,388)	19.05650	(1,415,908)	(48,078,316)
December 31, 2002	13,816,188	(3,846,265)	2,525,683	12,495,606	36,599,830	(24,104,224)	(72,182,540)	(22,783,642)	19.05650	(2,525,683)	(72,182,540)
December 31, 2003	34,100,457	(5,774,603)	3,556,673	31,882,527	34,200,693	(2,318,166)	(74,500,706)	(100,236)	19.05650	(3,556,673)	(74,500,706)

\*NPO at transition is zero

Amortization Period: 30 years, open

Amortization Method: Level Percentage of Projected Payroll



## SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM ACTUARIAL VALUATION – JANUARY 1, 2004

## EXHIBIT 10

## ANALYSIS OF ACTUARIAL GAINS OR LOSSES

(All dollar amounts in millions)\*

	Gain (Loss) for Period:		
	2002-2003	2000-2001	1998-1999
<b>Investment Income.</b> Investment income was greater (less) than expected.	\$(64.0)	\$(438.8)	\$ 170.5
<b>Pay Increases.</b> Pay increases were less (greater) than expected.	16.1	13.6	28.1
<b>Age and Service Retirements.</b> Members retired at older (younger) ages or with less (greater) final average pay than expected.	(14.5)	0.3	(0.6)
<b>Disability Retirements.</b> Disability claims were less (greater) than expected.	(0.5)	(0.4)	(0.3)
<b>Death-in-Service Benefits.</b> Survivor claims were less (greater) than expected.	(0.5)	0.0	0.0
<b>Withdrawal from Employment.</b> More (less) reserves were released by withdrawals than expected.	14.0	6.0	(0.8)
<b>Death after Retirement.</b> Retirees died younger (lived longer) than expected.	0.4	6.1	6.6
<b>Total Gain or (Loss) during Period from Financial Experience.</b>	\$(49.0)	\$(413.2)	\$203.5
<b>Nonrecurring Items:</b>			
Changes in actuarial assumptions and plan amendments caused a gain (loss).	(0.9)	0.0	(179.3)
Change in actuarial asset valuation method caused a gain (loss).	N/A	N/A	N/A
<b>Composite Gain (Loss) during Period.</b>	\$(49.9)	\$(413.2)	\$24.2

\* Effects related to losses are shown in parentheses. Numerical results are expressed as a decrease (increase) in the UAAL.



SCHEDULE OF RETIREES AND BENEFICIARIES  
ADDED TO AND REMOVED FROM ROLLS

Year Ended	No.	Added to Rolls Annual Allowances	No.	Removed from Rolls Annual Allowances	No.	Rolls End of Year Annual Allowances	Average Annual Allowances	% Increase in Annual Allowances
1980	242	*	98	*	3819	\$ 17,584,611	\$ 4,604.51	11.10
1981	237	*	101	*	3955	\$ 19,114,992	\$ 4,833.12	4.97
1982	271	*	140	*	4086	\$ 21,358,214	\$ 5,227.17	8.15
1983	265	*	121	*	4230	\$ 22,854,611	\$ 5,402.98	3.36
1984	219	*	126	*	4323	\$ 24,996,469	\$ 5,782.20	7.02
1985	213	\$ 2,294,142	105	\$ 347,996	4431	\$ 26,942,615	\$ 6,080.48	5.16
1986	188	\$ 2,010,634	141	\$ 349,405	4478	\$ 28,603,844	\$ 6,387.64	5.05
1987	199	\$ 2,273,426	140	\$ 958,243	4537	\$ 29,919,027	\$ 6,594.45	3.24
1988	160	\$ 2,032,669	117	\$ 419,794	4580	\$ 31,531,902	\$ 6,884.69	4.40
1989	186	\$ 2,500,814	125	\$ 132,799	4641	\$ 33,899,917	\$ 7,304.44	6.10
1990	173	\$ 2,579,540	135	\$ 345,194	4679	\$ 36,134,263	\$ 7,722.65	5.73
1991	165	\$ 1,805,490	181	\$ 434,743	4663	\$ 37,505,010	\$ 8,043.11	4.15
1992	124	\$ 1,740,286	197	\$ 1,025,016	4640	\$ 36,434,571	\$ 7,852.28	(2.37)
1993	142	\$ 1,992,189	160	\$ 887,397	4622	\$ 37,539,363	\$ 8,121.89	3.43
1994	192	\$ 3,040,184	167	\$ 1,192,660	4647	\$ 39,573,882	\$ 8,494.49	4.59
1995	155	\$ 2,449,131	183	\$ 759,377	4619	\$ 41,284,341	\$ 8,937.94	5.22
1996	227	\$ 4,314,773	174	\$ 908,271	4672	\$ 44,648,305	\$ 9,556.57	6.92
1997	171	\$ 3,359,535	192	\$ 1,065,687	4651	\$ 47,014,360	\$ 10,108.44	5.77
1998	170	\$ 2,944,870	148	\$ 946,560	4647	\$ 52,878,274	\$ 11,379.01	12.57
1999	215	\$ 4,103,949	181	\$ 1,125,621	4681	\$ 55,909,111	\$ 11,943.84	4.96
2000	227	\$ 4,615,996	192	\$ 1,543,534	4,716	\$ 59,931,665	\$ 12,708.16	6.40
2001	197	\$ 3,959,357	180	\$ 1,489,915	4,733	\$ 62,802,652	\$ 13,269.10	4.41
2002	301	\$ 6,637,431	176	\$ 1,615,743	4,858	\$ 67,296,290	\$ 13,852.67	4.40
2003	190	\$ 4,106,890	172	\$ 1,616,306	4,876	\$ 70,113,547	\$ 14,379.32	3.80

## REVISED SUMMARY OF THE MAIN PROVISIONS OF THE SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM

We offer this current summary of the main provisions of the Retirement System in an attempt to give as briefly as possible, a general idea of the benefits to members and the obligations of the City. Members who want specific information should write or telephone the office of the Retirement System, 801 3rd Avenue, Suite 300, Seattle, Washington 98104-1652, telephone (206) 386-1293, fax (206) 386-1506.

All officers and employees are eligible for membership in the Retirement system upon employment with the City, except uniformed members of the Police and Fire Fighters System. Federal Social Security covers all officers and employees, except Policemen and Firemen.

Terminating employees who have been members of the Retirement System for at least five years may leave their contributions in the Retirement Fund and may later apply for a retirement allowance when their age and years of service qualify them for such a benefit.

Members may retire after 30 years of retirement credit, regardless of age; after age 52 with 20 years service, after age 57 with 10 or more years of service, and after age 62 with 5 or more years of service. Disability retirement is available after 10 years of service. (The ten years service requirement on disability retirement is waived if the member becomes totally incapacitated for further employment as a result of an accident that occurred in the actual performance of duty as an employee of the City.)

On January 1, 1975, the Seattle System adopted a "2% formula" method of determining the amount of a retirement allowance. On the last page you will find the scale of "guaranteed percentages" used in the "2% formula". See the sample retirement allowance calculation below.

We have selected an employee working in the classification of a Lineworker to show as a typical January 1, 1994, retirement situation. Assuming the Lineworker was a male employee age 65 with 30 years of service, having a wife also age 65. We would determine the amount of his accumulated contributions and his average salary for the 24 consecutive months of highest salary. These were found to be:

Accumulated contributions	\$90,000	
Average salary	\$ 4,014	
		<u>Per Month</u>
Each \$1,000 he has will buy \$8.7787 per month for life ( $8.7787 \times 90$ ) is		\$ 790.08
His 30 years of service would indicate a maximum of 60% of average Salary — $30 \times 2\% \times \$4,014$ equals \$2,408.40 maximum. Since the annuity produces only \$790.08 per month, the City must add \$1,618.32 to meet the guarantee.		<u>1,618.32</u>
Total "unmodified" and/or "straight allowance"		\$2,408.40

If this employee selects one of the options listed on the following page, his retirement will be reduced to allow for the cost of the option selected.

(continued)

## THE OPTIONS

A member may elect any one of six different ways in which to receive his retirement pension. Using the example shown on the preceding page:

1. The maximum amount with no benefit to any beneficiary at time of death, generally spoken of as "straight" retirement, \$2,408.40.
2. **OPTION A.** The "cash refund" plan. The annuity (amount purchased by a member's contributions) only is reduced. As in the retirement sample shown, the annuity would be \$707.84 instead of \$790.08 and the total monthly pension would be \$2,326.16 instead of \$2,408.40. If there is a balance of the member's contributions, \$90,000, that has not been paid out at the rate of \$707.84 per month, the beneficiary will receive a lump sum payment of the balance.
3. **OPTION B.** Also a "cash refund" plan except the beneficiary gets monthly payments of the balance instead of a lump sum payment. As in the retirement sample shown, the annuity would be \$721.21 instead of \$790.08 and the monthly pension would be \$2,339.53 instead of \$2,408.40.
4. **OPTION C.** "Guaranteed period plan". If the pensioner fails to live the length of the period selected, (in this example 5 years) the pension of \$2,355.42 per month is paid to the beneficiary for the remainder of the guaranteed period. If the period selected was 10 years, the pension would be \$2,191.64 per month.
5. **OPTION D.** One-half of discounted allowance to surviving spouse for life. The reduction is determined in accordance with the ages of the retiring member and the spouse at the time of retirement. Again, using the sample retirement, under Option D, the plan would pay the wife, age 65, \$1,076.55 (one-half of \$2,153.11) per month for life. If you retired on or after March 24, 1997 and your spouse predeceases you, your monthly allowance will be raised to the original unmodified amount.
6. **OPTION E.** Full amount of discounted allowance to surviving spouse for life. The discount or reduction is determined in accordance with the ages of the retiring member and his spouse at the time of retirement. Using the example again, member 65, wife 65, the amount would be \$1,943.58, to be continued as long as either were alive. If you retired on or after March 24, 1997 and your spouse predeceases you, your monthly allowance will be raised to the original unmodified amount.
7. **OPTION F.** This option allows a member who retires prior to the normal Social Security Age to receive retirement benefits that are modified so that the combined income from the Retirement System and Social Security is level throughout the member's lifetime. This means the System's payments are higher before the Social Security payments begin and then lower after they begin. Although the theory is that the member's income stream will be level, often it is not. This is because Social Security, and often the System as well, makes post retirement adjustments that upset the original "leveling out" feature of this option.
8. **OPTION G.** This option allows members a partial lump sum payment at retirement which is equivalent to either the member's accumulated contributions with interest, or one-half of this amount. The member's normal monthly pension will be reduced by an amount to actuarially compensate for the funds withdrawn.

## BASIS RATES OF CONTRIBUTION

The City contributes 8.03% of covered payroll and employees contribute 8.03% unless they qualified for a lower rate prior to January 1, 1974.

(continued)

## DISABILITY RETIREMENT

Disability retirement is available to members with at least ten years of City Service with the ten year requirement waived when disability arose out of and in the course of their employment as an employee of the City. Members may be retired because of “permanent, total disability” or “temporary, total disability”. The first type mentioned occurs when there is grave doubt that the employee will ever return to active service. The second type is used when the retiree is expected to return within a short time. Both pay the same benefits, 1 1/2% of average salary (24 highest consecutive months) for each year of service, with a maximum of 60% of average salary, and minimum monthly allowance of \$140. The employee with less than 22 years of service is protected by the provision allowing credit to the age of 62, in the calculation for years of service, with 33-1/3% of average salary maximum. Federal Social Security also provides for disability benefits.

If the disability retiree dies and has named a surviving spouse as beneficiary, the spouse is eligible to receive a settlement similar to that shown in the explanation that follows for the spouse of a member who dies prior to retirement.

## LIFE INCOMES FOR SPOUSES OF MEMBERS WHO DIE BEFORE RETIREMENT

This is one of the most important provisions of the Retirement System. If an employee has at least ten years of service, the surviving spouse is eligible for a life income and/or a reduced life income and a cash refund. The deceased employee must have designated the spouse as beneficiary, and the beneficiary may choose any one of the three types of settlement:

1. Take the discounted value of the retirement allowance indicated for the deceased employee. This means a straight life income for the life of the survivor, with no benefit for anyone upon the death of the survivor.
2. Take up to one-half of the employee's contributions and a reduced life income (using all of the City's money including the formula guarantee if applicable).
3. Withdraw all of the accumulated contributions made by the employee. In this instance, all of the City's money would remain in the Retirement System.

In calculating the benefit for the survivor, the schedule of “guaranteed percentage” would be used.

To present an example — let us suppose the employee was 51 years of age at the time of death, had an average salary of \$2,188 (24 highest consecutive month), has 27 years of service and \$36,800 of accumulated contributions. Suppose the survivor (widow) was 57 years of age. The maximum amount the employee is entitled to was \$1,170.70 per month.

1. If the widow took a life income, she could receive \$896.80 per month.
2. If she took \$18,400 cash, she could still receive a life income of \$784 per month.
3. She could draw the \$36,800 as a final settlement.

If there is no surviving spouse, minor children can elect to receive similar benefits payable until they reach eighteen years of age.

(continued)

**POST RETIREMENT COST OF LIVING INCREASE - For Members Who Retired Prior to January 1, 1998**

Each December the monthly retirement allowances will be increased to reflect an annual bonus payment to help offset the adverse effects of inflation. The bonus payment will be a percentage factor based on the number of years retired, times the original annual retirement allowance. The percentage factors were designated to more equitably offset the effects of inflation on members who have been retired the greatest length of time, are as follows:

- 6% of the original annual allowance for members who have been retired from six to nine years, inclusive. (Including 1997, 1996, 1995, 1994)
- 9% of the original annual allowance for members who have been retired from ten to thirteen years, inclusive. (Including 1993, 1992, 1991, 1990)
- 12% of the original annual allowance for members who have been retired from fourteen to eighteen years, inclusive. (Including 1989, 1988, 1987, 1986, 1985)
- 15% of the original annual allowance for members who have been retired from nineteen to twenty-three years, inclusive. (Including 1984, 1983, 1982, 1981, 1980)
- 18% of the original annual allowance for members who have been retired from twenty-four to twenty-eight years, inclusive. (Including 1979, 1978, 1977, 1976, 1975)
- 21% of the original annual allowance for members who have been retired from twenty-nine years or more. (Including 1974 and before)

Example: If your original annual allowance was \$1,000 per month and you have been retired for eleven years, your bonus dividend would be calculated as follows:

$$\begin{aligned} \$1,000 \times 12 \text{ months} &= \$12,000 \\ \$12,000 \times 9\% &= \$1,080 \end{aligned}$$

\$1,080 would be your bonus for that particular year.

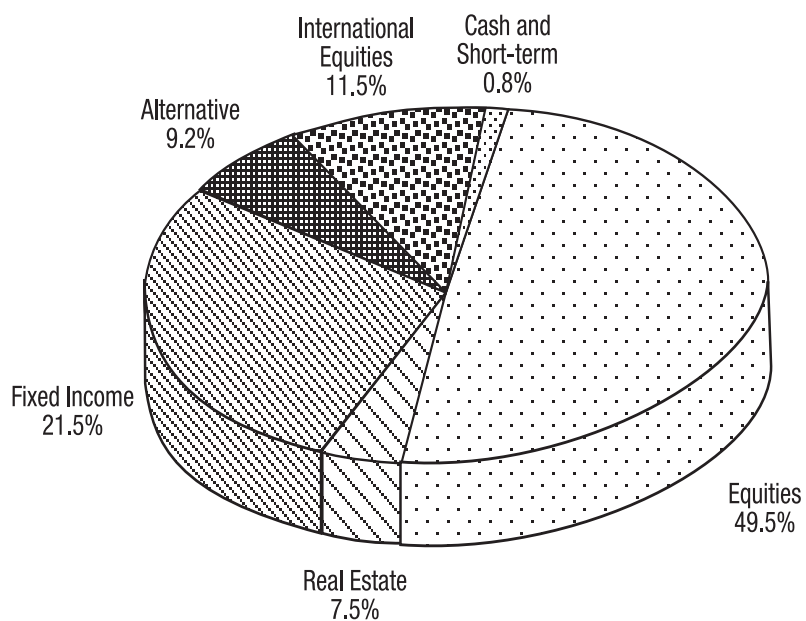
If this bonus plus the total retirement allowance you have received during the year will not purchase 60% of what your original retirement allowance would purchase, the bonus will be increased so you receive 60% of the original purchasing power of your pension. This increased portion of your bonus will be paid throughout the year by increasing your monthly check.

**POST RETIREMENT COST OF LIVING INCREASE - For Members Who Retired After December 31, 1997**

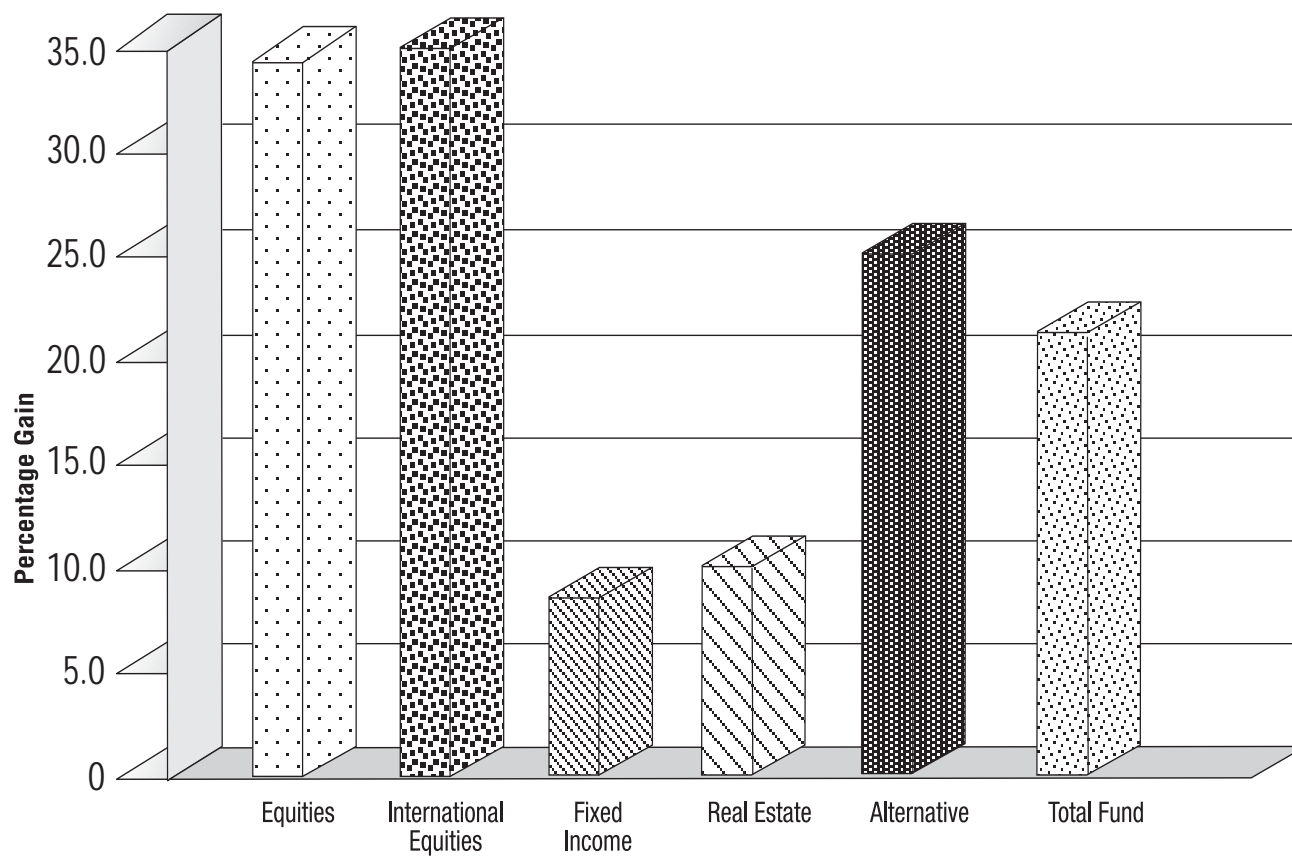
Each December the monthly retirement allowance will be increased to provide the highest benefit calculated under any one of the following three cost of living adjustments:

1. The annual bonus described above.
2. A 1.5% annual compounding COLA
3. A COLA which would provide 60% of the purchasing power which the member's original retirement allowance could purchase.

## Investment Portfolio Composition



## 2003 Fund Performance





### SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM SCHEDULE OF REVENUES BY SOURCE

Employer Contrib.*	Fiscal Year	Member Contributions	Employer Contributions **	Investment Income	Miscellaneous Income	Total
7.91 %	1980	\$ 9,166,162	\$ 10,470,335	\$ 16,284,473	\$ 846	\$ 35,921,816
8.54	1981	11,845,089	13,309,388	18,488,195	2,311	43,644,983
8.54	1982	12,465,220	14,790,039	21,106,414		48,361,673
8.54	1983	12,926,545	14,265,554	27,224,215	5,050	54,421,364
8.91	1984	14,076,607	15,961,211	30,543,443	67	60,581,328
8.91	1985	14,399,465	16,280,464	25,317,826		55,997,755
8.91	1986	15,164,105	16,758,439	33,081,706		65,004,250
8.91	1987	16,088,280	17,799,789	46,029,652	410	79,918,131
8.91	1988	16,701,142	18,521,365	36,397,481		71,619,988
8.91	1989	17,246,117	18,983,634	41,803,863	545	78,034,159
8.91	1990	20,405,149	21,810,612	27,725,284		69,941,045
8.91	1991	21,111,940	21,458,952	37,758,671		80,329,563
8.91	1992	21,564,881	25,117,924	41,792,730		88,475,535
8.91	1993	23,473,485	26,139,925	100,705,007	***	150,318,417
8.91	1994	24,764,862	26,704,211	3,670,356		55,139,429
8.91	1995	26,069,124	27,816,819	181,470,912		235,356,855
8.91	1996	25,835,147	28,372,760	118,399,056		172,606,963
8.91	1997	25,571,634	28,310,353	143,719,597		197,601,584
8.91	1998	27,311,815	30,554,650	168,477,507		226,343,972
8.03	1999	29,201,844	29,898,474	240,904,299		300,004,617
8.03	2000	30,962,052	30,956,217	(79,832,672)		(17,914,403)
8.03	2001	32,602,859	32,667,381	(93,021,798)		(27,751,558)
8.03	2002	39,388,249	36,599,830	(116,907,340)		(40,919,261)
8.03	2003	36,243,490	34,200,693	296,239,050		366,683,233

\* Employer Contributions reflected as a percentage of covered payroll.

\*\* The employer contributions has been made in accordance with actuarial requirements.

\*\*\* Beginning with 1993, the investment income reflects unrealized gains (losses) required by GASB 25.

### SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM SCHEDULE OF EXPENSES BY TYPE

Year	Benefits	Refunds	Administrative	Total
1980	\$ 17,584,611	\$ 1,786,654	\$ 331,600	\$ 19,702,865
1981	19,114,992	2,074,078	419,568	21,608,638
1982	21,358,214	2,151,528	458,261	23,968,003
1983	23,029,611	2,086,102	538,059	25,653,772
1984	25,175,469	3,366,999	737,445	29,279,913
1985	27,090,615	2,753,418	1,076,324	30,920,357
1986	28,777,844	3,212,415	1,340,874	33,331,133
1987	30,499,027	3,141,868	1,494,189	35,135,084
1988	32,093,902	3,293,088	1,408,946	36,795,936
1989	34,121,917	3,257,432	1,538,544	38,917,893
1990	36,431,265	3,592,483	1,636,911	41,660,659
1991	37,862,028	3,731,762	1,870,922	43,464,712
1992	38,884,790	3,585,672	2,109,340	44,579,802
1993	40,131,325	2,944,003	2,525,620	45,600,948
1994	42,420,358	3,412,882	2,639,538	48,472,778
1995	44,352,180	3,874,980	7,217,337	55,444,497
1996	46,257,605	3,888,043	7,989,200	58,134,848
1997	50,349,474	5,463,464	11,875,158	67,688,096
1998	56,247,811	7,502,444	12,145,939	75,896,194
1999	58,704,086	9,730,803	10,447,151	78,882,040
2000	62,844,355	11,641,902	10,634,557	85,120,814
2001	65,553,605	8,785,879	7,293,821	81,633,305
2002	68,825,558	12,019,852	7,250,214	88,095,624
2003	73,559,728	13,218,137	7,081,030	93,858,895

SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM  
BENEFIT EXPENSE BY TYPE  
Ten Years Ending December 31, 2003

Year	Age & Service Retirants	Benefits Survivors	Disability Retirants Benefits	Death Benefit	Refunds	Total
1994	\$ 37,177,394	\$ 4,240,343	\$ 654,621	\$ 348,000	\$ 3,412,882	\$ 45,833,240
1995	\$ 38,909,838	\$ 4,469,103	\$ 645,239	\$ 328,000	\$ 3,874,980	\$ 48,227,160
1996	\$ 40,783,384	\$ 4,530,161	\$ 618,060	\$ 326,000	\$ 3,888,043	\$ 50,145,648
1997	\$ 44,350,246	\$ 4,996,325	\$ 612,903	\$ 390,000	\$ 5,463,464	\$ 55,812,938
1998	\$ 48,684,577	\$ 6,500,622	\$ 714,624	\$ 347,988	\$ 7,502,444	\$ 63,750,255
1999	\$ 50,902,672	\$ 6,821,887	\$ 698,527	\$ 281,000	\$ 9,730,803	\$ 68,434,889
2000	\$ 54,518,311	\$ 7,260,855	\$ 714,799	\$ 350,390	\$ 11,641,902	\$ 74,486,257
2001	\$ 57,122,024	\$ 7,486,988	\$ 672,593	\$ 272,000	\$ 8,785,879	\$ 74,339,484
2002	\$ 59,991,882	\$ 7,821,555	\$ 686,121	\$ 326,000	\$ 12,019,852	\$ 80,845,410
2003	\$ 64,301,813	\$ 8,215,109	\$ 714,806	\$ 328,000	\$ 13,218,137	\$ 86,777,865

REVENUE RATIOS BY SOURCE  
1973 Through 2003

Year	Member Contributions		Employer Contributions		Investment Income		Total Revenue	
1973	26	%	32	%	42	%	100	%
1974	26		31		43		100	
1975	26		31		43		100	
1976	26		31		43		100	
1977	25		29		46		100	
1978	25		29		46		100	
1979	27		30		43		100	
1980	26		29		45		100	
1981	27		31		42		100	
1982	25		31		44		100	
1983	24		26		50		100	
1984	23		26		51		100	
1985	26		29		45		100	
1986	24		26		50		100	
1987	20		22		58		100	
1988	23		26		51		100	
1989	22		24		54		100	
1990	29		31		40		100	
1991	26		27		47		100	
1992	25		28		47		100	
1993 *	16		17		67		100	
1994 *	45		48		7		100	
1995 **	11		12		77		100	
1996 **	15		16		69		100	
1997	13		14		73		100	
1998	12		14		74		100	
1999	10		10		80		100	
2000							Net Loss	
2001							Net Loss	
2002							Net Loss	
2003	10		9		81		100	

\* Beginning with 1993, the investment income reflects unrealized gains (losses) required by GASB 25.

\*\* Beginning with 1996 (and 1995 has been restated) investment income includes the gross income from Securities Lending as required by GASB 28.

SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM  
SCHEDULE OF INVESTMENT RESULTS  
Ten Years Ending December 31, 2003

Year	Income	Market Value	Return on Market Value
1994	\$ 3,670,356 *	\$ 791,438,972	0.5%
1995	\$ 181,470,912**	\$ 1,022,697,411	22.7%
1996	\$ 118,515,545**	\$ 1,169,047,972	11.5%
1997	\$ 143,719,597	\$ 1,372,681,756	12.6%
1998	\$ 168,477,507	\$ 1,496,802,024	15.1%
1999	\$ 240,904,299	\$ 1,676,556,088	15.3%
2000	\$ (79,832,672)	\$ 1,564,636,097	(3.7)%
2001	\$ (93,021,798)	\$ 1,486,866,838	(6.0)%
2002	\$ (116,907,340)	\$ 1,379,485,682	(8.4)%
2003	\$ 296,239,050	\$ 1,666,134,226	23.6%

\* Beginning in 1994, Income includes market gains and losses, due to the implementation of GASB 25.

\*\* Beginning with 1996 (and 1995 has been restated) investment income includes the gross income from Securities Lending as required by GASB 28.

# SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM

## INVESTMENT PERFORMANCE RESULTS

	2003		2002		2001		2000		1999
<b>Domestic Equity Funds</b>									
Bear Stearns	33.0	%		%		%		%	
Capital Guardian Trust	41.4		(24.0)		(3.9)				
Dimensional Fund Advisors	51.0		(12.7)		14.6		6.2		24.9
Wall Street Associates	47.1		(31.7)		(26.4)				
Wellington	30.9								
Barclays S & P Index Fund	28.8		(22.1)		12.0)		(8.9)		21.1
<b>International Equity Funds</b>									
Barclays EAFE Index (a)	39.2	%	(15.7)	%	(8.9)	%	(13.9)	%	26.8
Capital International	37.9		(14.4)		(16.6)				
Dimensional Fund Advisors (b)									
Lazard	30.3								
MFS	33.5								
<b>Domestic Fixed Income</b>									
MDL	2.0	%	8.8	%		%		%	
Pugh Capital	4.4		10.2		8.3		12.2		(1.3)
Reams	8.7		5.8						
Western Asset	8.4		12.2						
In-House Assets	12.4		7.6		6.8		11.1		(1.9)
Barclays US Debt Bond Fund	4.2		10.3		5.0		10.1		
<b>Real Estate Funds *</b>									
J.P. Morgan	12.3	%	6.5	%	7.3	%	12.0	%	14.2
RREEF REIT	10.1		8.2		10.1		10.0		7.3
Shurgard Inst. Fund	9.5		9.5		14.4		6.5		10.6
TA Associates Fund VI (b)									
Hearthstone Residential Fund III (b)									
MEPT - Kennedy	9.4		1.6		5.8		12.1		11.8
<b>Alternative</b>									
Quellos	9.4	%	3.9	%	8.1	%	21.3	%	22.5
Advent Capital (b)									
Coast (b)									
Epsilon (b)									
Tremont (b)									
Amerindo Investment Advisors	91.0		(40.6)		(39.2)		(59.2)		221.3
Phoenix Partners III & IV	(0.3)		(8.7)		(49.5)		4.8		11.5
<b>Composite Fund</b>									
Equities	33.7	%	(21.7)	%	(12.5)	%	(11.6)	%	28.8
International Equities	34.0		(13.1)		(21.0)		(19.8)		37.2
Fixed-Income	8.5		5.9		6.1		10.3		(1.1)
Real Estate	10.8		6.0		7.4		11.2		10.0
Alternative	25.2		(11.8)		(8.8)		(12.5)		161.6
<b>Total Fund</b>	<b>23.6</b>	<b>%</b>	<b>(8.4)</b>	<b>%</b>	<b>(6.0)</b>	<b>%</b>	<b>(3.7)</b>	<b>%</b>	<b>15.3</b>
<b>Market Indicators</b>									
Standard & Poor's 500	28.7	%	(22.1)	%	(11.9)	%	(9.1)	%	21.0
MSCI EAFE Index -USD	39.2		(15.7)		(21.2)		(14.0)		27.3
Lehman Brothers Aggregate	4.1		10.3		8.4		11.6		(0.8)
Russell NCREIF Property Index	7.2		4.2		7.9		24.4		10.9
Consumer Price Index	1.9		2.4		1.6		3.4		2.7

\* Returns for managers within the Real Estate Funds category are reported after fees, while the remaining returns are reported before fees. Fees paid to managers are listed on Page 14 of this annual report.

(a)EAFE Index funds were moved during 2001 from State Street to Barclays. Performance for 2000 through 1997 is that of State Street. Performance for 2001 is composite of EAFE Index for 2001 at State Street and Barclays.

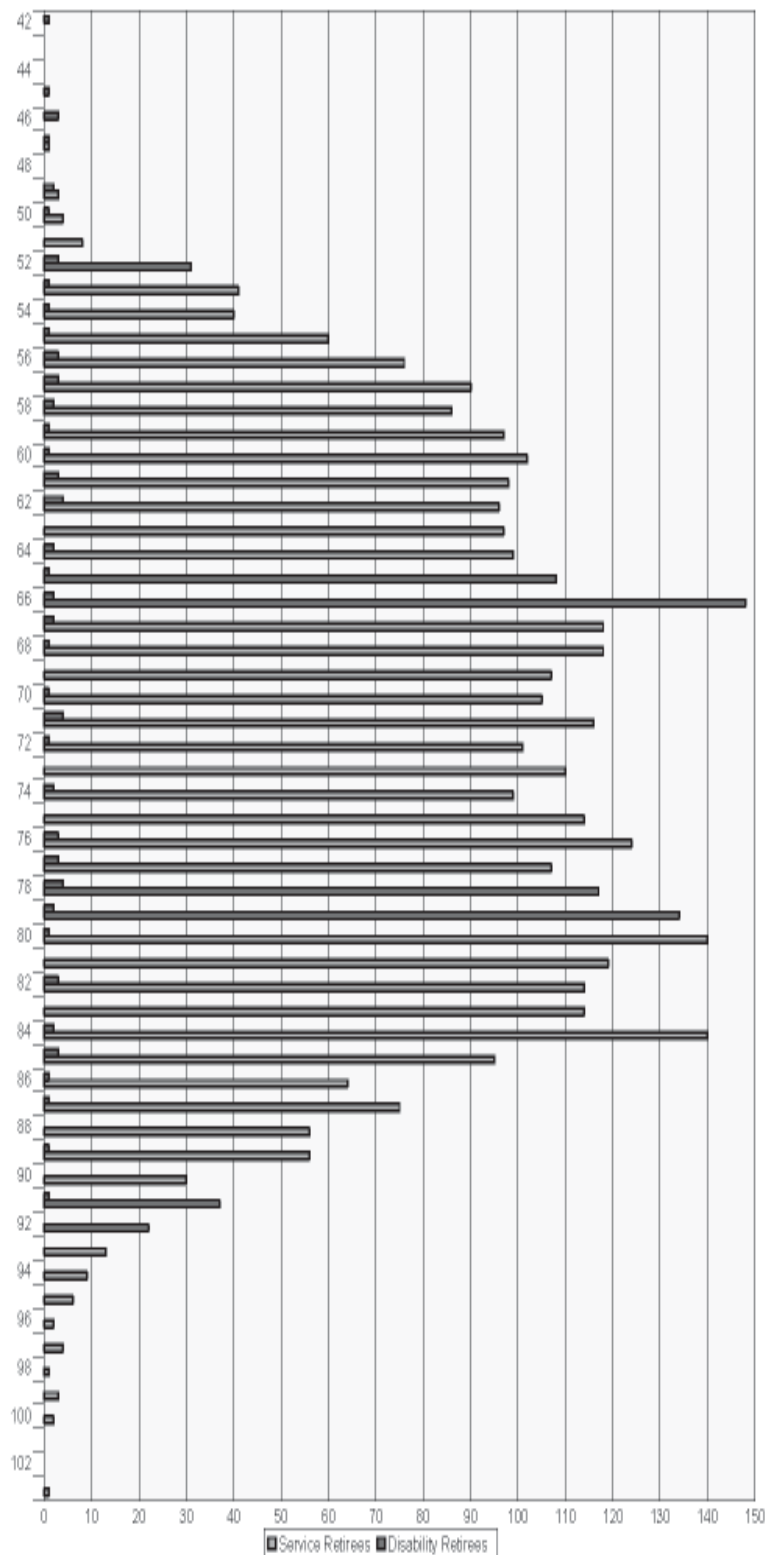
(b)New investment managers hired during 2003.

**SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM**  
**SERVICE AND DISABILITY PENSIONERS BY AGE**  
 As of December 31, 2003

Age	Service	Disability
-----	---------	------------

42		1
43		
44		
45		1
46		3
47	1	1
48		
49	3	2
50	4	1
51	8	
52	31	3
53	41	1
54	40	1
55	60	1
56	76	3
57	90	3
58	86	2
59	97	1
60	102	1
61	98	3
62	96	4
63	97	
64	99	2
65	108	1
66	148	2
67	118	2
68	118	1
69	107	
70	105	1
71	116	4
72	101	1
73	110	
74	99	2
75	114	
76	124	3
77	107	3
78	117	4
79	134	2
80	140	1
81	119	
82	114	3
83	114	
84	140	2
85	95	3
86	64	1
87	75	1
88	56	
89	56	1
90	30	
91	37	1
92	22	
93	13	
94	9	
95	6	
96	2	
97	4	
98	1	
99	3	
100	2	
101		
102		
103	1	

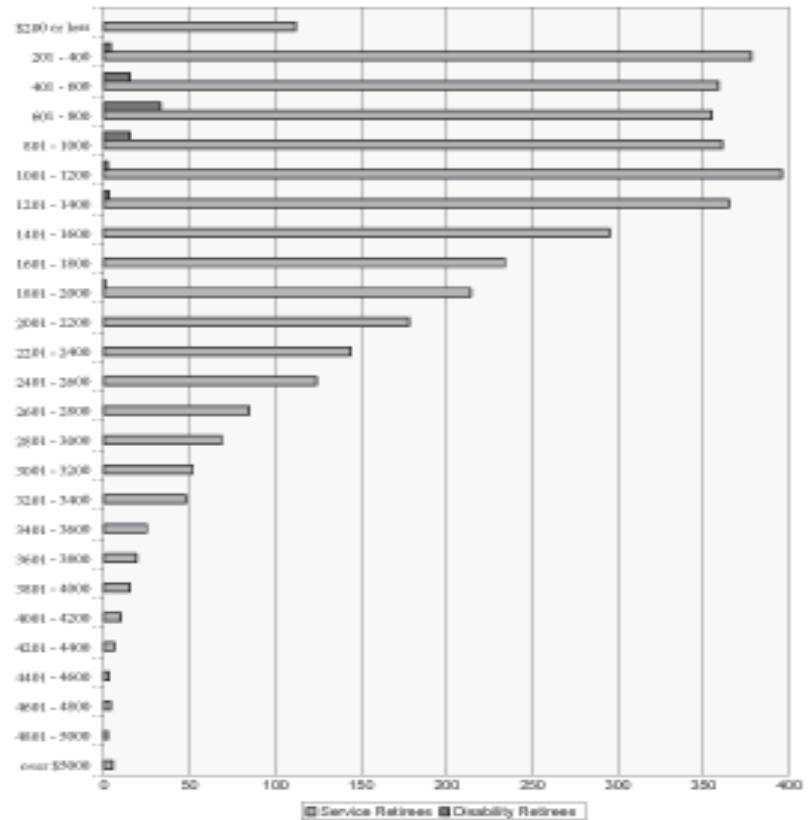
3858	73
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SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM  
RETIREMENT ALLOWANCE DISTRIBUTION  
As of December 31, 2003

	Service	Disability
\$ 200 or less	112	
201 - 400	378	4
401 - 600	359	15
601 - 800	355	33
801 - 1000	361	15
1001 - 1200	396	2
1201 - 1400	365	3
1401 - 1600	295	
1601 - 1800	234	
1801 - 2000	214	1
2001 - 2200	178	
2201 - 2400	144	
2401 - 2600	124	
2601 - 2800	85	
2801 - 3000	69	
3001 - 3200	52	
3201 - 3400	48	
3401 - 3600	25	
3601 - 3800	19	
3801 - 4000	15	
4001 - 4200	10	
4201 - 4400	6	
4401 - 4600	3	
4601 - 4800	4	
4801 - 5000	2	
over 5000	5	

3858	73
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SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM  
ACTIVE MEMBERSHIP EXPERIENCE  
For the Last Thirty Years

	Members at End of Period	New Members During Period	Withdrawals During Period	Re-entering & Redepositing	Deaths During Period	Pensions Granted During Period
1974	7,012	524	557	35	30	180
1975	7,216	958	460	70	22	342
1976	6,824	471	530	36	18	351
1977	6,506	484	517	41	24	302
1978	6,600	896	592	71	22	259
1979	6,797	934	536	57	11	247
1980	6,894	901	631	67	12	228
1981	7,037	776	467	77	13	230
1982	6,972	555	439	73	14	240
1983	6,870	471	363	50	13	247
1984	6,710	531	522	57	16	210
1985	6,946	628	244	72	11	209
1986	7,020	570	382	77	11	180
1987	7,196	622	312	72	16	190
1988	7,252	542	361	45	10	160
1989	7,544	672	251	51	12	168
1990	7,813	872	454	45	12	182
1991	8,037	681	354	43	13	133
1992	8,171	463	220	32	17	124
1993	8,317	537	279	39	15	136
1994	8,553	512	201	133	16	192
1995	8,741	477	284	136	12	153
1996	8,584	339	270	13	12	227
1997	8,572	435	287	36	18	178
1998	8,743	557	236	29	9	170
1999	9,576	1,289	238	14	17	215
2000	9,836	876	393	17	13	227
2001	10,111	706	241	25	18	197
2002	9,737	426	503	16	12	301
2003	9,964	628	202	5	14	190

SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM  
COMPARATIVE STATEMENT OF EXPERIENCE OF SERVICE AND DISABILITY RETIREMENT PAYROLLS  
From Inception in 1929, Through 2003

Figures Quoted as of the End of Each Fiscal Period

	Number Retired During Period			Number Deceased		Pensions Discontinued			Benefit Cont'd		Number on Payroll at End of Period	
	Service	Sec. 19-b	Disability	During Period		Service	Beneficiary	Disability	to Beneficiary	Service	Beneficiary	Disability
				Service	Disability							
1929 - 1972 Inclusive	4,003	295	793	2,315	486	3	166	84	273	1,732	405	223
December 31, 1973	198	28	32	77	22		19		26	1,853	440	233
December 31, 1974	161	25	19	82	10		13		23	1,932	475	242
December 31, 1975	324	12	18	90	12		35		32	2,166	484	248
December 31, 1976	328	7	23	110	15		10		37	2,384	518	256
December 31, 1977	292	15	10	109	20		19		28	2,567	542	246
December 31, 1978	246	9	13	87	14		24		29	2,726	556	245
December 31, 1979	237	7	10	112	17		12		35	2,851	586	238
December 31, 1980	220	14	8	101	13		19		35	2,970	616	233
December 31, 1981	223	7	7	94	15		25		33	3,099	631	225
December 31, 1982	254	12	5	120	23		38		41	3,233	646	207
December 31, 1983	248	12	5	137	10		29		55	3,344	684	202
December 31, 1984	206	9	4	135	14		28		51	3,415	716	192
December 31, 1985	202	4	7	115	18		19	1	48	3,505	743	183
December 31, 1986	175	10	4	140	9		13		20	3,540	760	178
December 31, 1987	184	6	7	132	16		6		16	3,592	776	169
December 31, 1988	158	2	3	120	9		25		37	3,627	790	163
December 31, 1989	163	8	5	141	12		5		43	3,660	780	154
December 31, 1990	181	10	1	128	16		7		44	3,695	827	140
December 31, 1991	129		4	158	12		31		70	3,665	866	132
December 31, 1992	121		3	161	4		32		50	3,625	884	131
December 31, 1993	133	6	3	157	6		42		45	3,601	894	127
December 31, 1994	181	10	1	159	10		53		55	3,608	922	117
December 31, 1995	148	5	2	162	5		54		38	3,591	914	114
December 31, 1996	225	3	1	173	8		44		49	3,659	907	106
December 31, 1997	170	9	1	186	9		75		69	3,622	931	98
December 31, 1998	166	2	2	170	9	1	45		51	3,614	942	91
December 31, 1999	208	5	2	167	5		67		51	3,662	931	88
December 31, 2000	222	4	1	142	4		46		43	3,699	933	84
December 31, 2001	192	4	1	152	8		53		33	3,733	924	76
December 31, 2002	290	5	6	170	5		49		48	3,836	945	77
December 31, 2003	189	6	1	163	5		67		57	3,858	945	73
Grand Total											4,876	

Statistical Section

Seattle City Employees' Retirement System

SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM  
EXPERIENCE IN MISCELLANEOUS AVERAGES  
For the Last Thirty Years

	AVERAGE SERVICE		AVERAGE AGE OF SERVICE PENSIONERS	AVERAGE AGE OF		ACTIVE MEMBERS DECEASED # OF DEATHS	AVERAGE AGE
	RETIREMENT ALLOWANCE			AVERAGE DISABILITY RETIREMENT ALLOWED	DISABILITY PENSIONERS		
1974	\$ 240.26		71.23	\$ 197.94	64.31	30	54.07
1975	290.09		70.46	232.35	65.55	22	53.45
1976	320.63		69.90	237.39	63.82	18	52.20
1977	348.50		69.62	241.69	66.74	24	53.04
1978	374.03		69.69	254.82	64.42	22	54.41
1979	394.91		69.59	260.89	64.96	11	49.04
1980	418.84		69.69	261.76	65.05	12	55.54
1981	441.69		69.86	267.88	65.12	13	49.31
1982	468.28		70.07	269.71	65.64	14	48.54
1983	501.76		70.18	272.98	66.55	13	52.54
1984	530.44		69.97	281.36	66.29	16	51.28
1985	556.72		70.26	290.71	66.22	11	53.66
1986	582.18		70.57	296.27	66.70	11	48.18
1987	608.43		70.80	314.43	66.60	16	49.13
1988	655.62		70.02	357.61	66.40	14	49.93
1989	664.36		71.45	343.74	66.53	12	49.17
1990	697.54		71.72	352.75	65.88	12	47.67
1991	757.07		72.19	378.41	66.61	13	57.77
1992	749.31		72.44	366.23	66.30	17	50.94
1993	775.72		73.42	394.13	67.80	15	53.00
1994	811.55		73.28	407.60	67.52	16	55.00
1995	850.50		73.45	431.19	67.78	12	53.67
1996	904.11		73.43	423.86	68.88	12	44.92
1997	961.30		73.29	448.15	68.12	18	54.72
1998 *	1,063.66		73.30	594.09	68.13	9	56.11
1999	1,114.34		73.10	609.19	68.25	17	55.24
2000	1,167.60		72.88	622.66	68.69	13	50.77
2001	1,222.42		72.70	654.53	67.84	18	51.39
2002	1,289.77		72.16	703.83	67.25	12	54.33
2003	1,338.49		72.14	734.85	66.78	14	53.14

\* Beginning in 1998 the average retirement allowance numbers include the monthly COLA amounts.

# SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM

## SCHEDULE OF AVERAGE BENEFIT PAYMENTS

## Retirement Effective Dates

Jan. 1, 1994 to Dec. 31, 2003	Years Credited Service					
	0-10	11-15	16-20	21-25	26-30	31 +
Period 1/1/94 to 12/31/94						
Average Monthly Benefit	\$ 355.87	640.31	1,063.58	1,370.49	1,760.82	2,105.95
Average Final Salary	\$ 3,021.83	2,805.97	2,992.59	3,168.87	3,386.38	3,771.97
Number of Active Retirants	26	21	26	44	40	35
Period 1/1/95 to 12/31/95						
Average Monthly Benefit	\$ 313.96	697.67	971.84	1,216.52	1,769.59	1,983.96
Average Final Salary	\$ 2,720.84	3,327.48	2,894.56	2,968.09	3,587.38	3,610.17
Number of Active Retirants	20	12	12	31	38	40
Period 1/1/96 to 12/31/96						
Average Monthly Benefit	\$ 421.89	681.47	1,064.73	1,469.10	2,043.37	2,043.39
Average Final Salary	\$ 2,956.93	2,940.60	3,441.58	3,537.70	3,771.63	3,766.77
Number of Active Retirants	24	18	25	37	77	46
Period 1/1/97 to 12/31/97						
Average Monthly Benefit	\$ 388.26	650.44	1,104.18	1,382.17	2,277.07	2,126.84
Average Final Salary	\$ 3,195.32	3,332.84	3,414.46	3,449.48	4,242.60	3,985.38
Number of Active Retirants	20	14	26	27	57	34
Period 1/1/98 to 12/31/98						
Average Monthly Benefit	\$ 451.94	799.97	1,171.57	1,434.59	2,111.63	2,296.32
Average Final Salary	\$ 3,717.39	3,725.11	3,423.29	3,800.98	4,100.82	4,222.49
Number of Active Retirants	32	23	19	26	42	28
Period 1/1/99 to 12/31/99						
Average Monthly Benefit	\$ 416.73	881.13	1,320.71	1,493.61	2,236.30	2,173.93
Average Final Salary	\$ 3,856.75	3,712.60	4,043.07	3,594.45	4,251.65	4,115.63
Number of Active Retirants	34	19	36	23	70	33
Period 1/1/00 to 12/31/00						
Average Monthly Benefit	\$ 482.19	880.93	1,190.87	1,720.94	2,346.89	2,383.68
Average Final Salary	\$ 4,659.08	3,519.82	3,833.71	4,508.72	4,473.41	4,602.86
Number of Active Retirants	33	28	21	36	70	39
Period 1/1/01 to 12/31/01						
Average Monthly Benefit	\$ 478.66	837.60	1,349.54	1,719.53	2,369.43	2,374.36
Average Final Salary	\$ 4,756.88	3,715.90	4,241.27	4,121.40	4,654.58	4,544.36
Number of Active Retirants	30	23	25	30	65	24
Period 1/1/02 to 12/31/02						
Average Monthly Benefit	\$ 503.66	1,054.23	1,254.66	1,925.74	2,458.67	2,616.86
Average Final Salary	\$ 4,404.61	4,203.54	3,773.37	4,571.61	4,653.62	4,919.14
Number of Active Retirants	40	31	34	58	96	42
Period 1/1/03 to 12/31/03						
Average Monthly Benefit	\$ 496.91	1,034.44	1,432.09	1,744.45	2,579.91	2,628.56
Average Final Salary	\$ 3,782.43	4,261.52	4,669.55	4,653.31	4,901.87	4,953.21
Number of Active Retirants	32	23	22	41	39	39
Period 1/1/04 to 12/31/03						
Average Monthly Benefit	\$ 431.01	815.82	1,192.38	1,547.71	2,195.37	2,273.39
Average Final Salary	\$ 3,707.21	3,554.54	3,672.75	3,837.46	4,202.39	4,249.20
Number of Active Retirants	29	21	25	35	59	36

NEW MEMBERS IN THE RETIREMENT SYSTEM IN 2003  
BY DEPARTMENT

Arts Commission	3
Auditor	1
Budget Office	2
Civil Rights	3
Community Development	2
Construction & Land Use	22
DoIT	11
Economic Development	6
Executive	2
Finance	8
Fire	2
Fleets	18
Hearing Examiner	1
Human Services	28
Intergovernmental Relations	2
Law	7
Legislative	11
Library	29
Light	66
Mayor's Office	1
Municipal Courts	12
Neighborhoods	5
Park	94
Personnel	29
Police	41
Retirement	4
SDOT	28
Seattle Center	64
SPU	126
Total	<u>628</u>

MEMBERS AGAIN IN THE RETIREMENT SYSTEM IN 2003  
BY DEPARTMENT

REDEPOSITING		
Light	2	
Municipal Court	1	
DoIT	<u>1</u>	4
RE-ENTERING		
Municipal Court	<u>1</u>	<u>1</u>
Total		5

**SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM  
SERVICE RETIREMENTS GRANTED IN 2003**

<b>Name</b>	<b>Department</b>	<b>Position</b>	<b>Years of Service</b>	<b>Age</b>
Agosa, Doroteo F.	SEATRAN	Bridge Electrical CC	20 yrs 228 days	65
Anthony, Margaret E	Parks	Executive 2	30 yrs 105 days	51
Arevalo, Paul G.	DoIT	Info Tech Syst Analyst	11 yrs 268 days	65
Arthurs, Ida M.	SPU	Administrative Specialist II	14 yrs 221 days	64
Bailey, Ronald A.	City Light	Meter Elctn Working CC	29 yrs 83 days	52
Baker, Vicki K.	Parks	Ground Maintenance Crew Chief	25 yrs 135 days	55
Barnes, Benny E.	City Light	Powerline Clearance Coord	20 yrs 167 days	53
Barrientes, Albert S.	SPU	Const & Maint Equip Op, Sr.	20 yrs 268 days	55
Baum, Lynden	Dual Member	Vested	5 yrs 83 days	65
Beardsley, Anne L	City Light	Vested-Mgmt Sys Analyst	7 yrs 12 days	65
Belknap, William C.	SPU	Environmental Analyst Associate	9 yrs 331 days	62
Bellinger, Marguerite	City Light	Electrician	33 yrs 155 days	53
Bemis, Christopher	K.C. Health	Utility Worker I	29 yrs 336 days	60
Blake, Jason O.	SPU	Forest Maint Worker	12 yrs 171 days	63
Blumberg, Janet L.	Library	Managing Librarian	13 yrs 9 days	61
Boone, Carroll H.	K.C. Health	Vested	1 yrs 236 days	60
Bordagaray, Christopher R.	Finance	Buyer	5 yrs 69 days	66
Bourdeau, Patricia A.	SPU	Admin Spec	30 yrs 25 days	52
Bradley, Douglas A.	Dual Member	Vested	1 yrs 201 days	56
Brownlee, Beverly J.	Library	Library Tech III	30 yrs 58 days	53
Brumback, Gladys Ann	Police	Victim Advocate	10 yrs 127 days	69
Burgunder, Richard B.	SEATRAN	Civil Engineering Spec.,Supv	34 yrs 348 days	56
Cadigan, Helen E	K.C. Health	Vested	21 yrs 205 days	52
Calloway, Alice F.	Parks	Utility Laborer	25 yrs 288 days	62
Candy, John A.	Parks	Senior Gardener	23 yrs 105 days	57
Cannon, Karen L.	City Light	Customer Service Representative	21 yrs 62 days	61
Cantor, Seginando N.	ESD	Senior Accountant	18 yrs 327 days	65
Castro, Priscilla C.	ESD	Treasury Cashier	19 yrs 94 days	65
Champlin, Noman H.	DCLU	Sign Inspector	5 yrs 259 days	67
Chin, Nyson C.	SPU	Civil Engineering Associate	33 yrs 330 days	56
Chow, Shelton E.	Dual Member	Vested	22 yrs 349 days	63
Churchill, Edward J.	City Light	Electrician-Con-(OI)	39 yrs 40 days	62
Clark, Gary R.	ESD	Project and Development Spec II	27 yrs 157 days	55
Clark, Thomas	Municipal Courts	Magistrate, Supvsng	21 yrs 15 days	62
Colson, Patricia	SPU	Executive 3	22 yrs 224 days	60
Corliss, Jeffrey	Dual Member	Vested	34 yrs 274 days	56
Cox, Judith	OMP	Vested	5 yrs 362 days	62
Crandall, Kenneth	City Light	Equipment Operator	33 yrs 240 days	62
Curtis, Raleigh M.	K.C. Health	Vested	7 yrs 31 days	62
Dahl, Wayne L.	Metro Transit	Transit Operator	39 yrs 348 days	62
Daniels, Ardell	SPU	Solid Waste Field Rep	14 yrs 221 days	66
Daniels, Rufus C	SEATRAN	Const & Maint Equip Operator	39 yrs 348 days	67
Danielson, David M	ESD	Info Technology Prof. B-BU	33 yrs 140 days	64

(continued)



**SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM  
SERVICE RETIREMENTS GRANTED IN 2003**

<b>Name</b>	<b>Department</b>	<b>Position</b>	<b>Years of Service</b>		<b>Age</b>
Danielson, Mary J.	K.C. Health	Vested	9 yrs	213 days	62
Davis, Suzanne L.	Library	Librarian	8 yrs	90 days	62
Decoster, Dorothy	SPU	Planning & Development Spec Sr.	11 yrs	21 days	59
Defferding, David C	SPU	Civil Engineer/Supervisor	30 yrs	116 days	58
DeLeon, Sofia E.	City Light	Admin Spec I	20 yrs	71 days	53
Denison, James R.	Parks	Rec Prgm Coordinator, Sr.	25 yrs	224 days	54
Deyo, Sara J.	Law	Vested	11 yrs	134 days	57
Diel, Sharon L	Library	Administrative Secretary	22 yrs	21 days	52
Dion, Therese	SPU	Civil Engineering Spec, Asst II	23 yrs	349 days	78
Dobbs, Gary G.	Dual Member	Vested	2 yrs	331 days	56
Earley, James	City Light	Power Structure Mech Crew Chief	22 yrs	161 days	63
Eggleston, Craig	Parks	Maintenance Laborer	30 yrs	207 days	52
Engel, Johnny L.	Parks	Laborer	23 yrs	107 days	52
Evans, Patricia L.	City Light	Accounting Tech III	30 yrs	122 days	51
Feagan, Bruce S.	ESD	Licences & Standards Inspector	30 yrs	143 days	51
Fjarlie, John E	Metro Transit	Construction Manager 3	30 yrs	3 days	52
Floyd, F.L.	ESD	Community Outreach Communication	23 yrs	277 days	77
Fox, Jacob P.	SPU	Pump Stat Maint Leadworker	24 yrs	263 days	65
Frandsen, Paul R	Parks	Vested	16 yrs	161 days	57
Fulwider, Donald J.	Dual Member	Vested	30 yrs	194 days	58
Gamble, Forrest H.	Municipal Courts	Admin Staff Analyst	14 yrs	66 days	57
Gertsch, David C.	Parks	Aquatic Center Coordinator	31 yrs	72 days	57
Getches, Meredith A.	OMP	Hearing Examiner	16 yrs	237 days	58
Gilbert, Stephen W.	Library	Coordinating Library Associate	28 yrs	313 days	52
Gilmore, William J.	SPU	Water Pipe Worker, Sr.	40 yrs	118 days	66
Gooding, Betty	Municipal Courts	Admin Spec II	10 yrs	247 days	67
Graumann, Margitta	City Light	Admin Spec II	14 yrs	77 days	65
Grech, Araceli	Parks	Personnel Specialist	15 yrs	57 days	60
Griffin, Gerald A.	SPU	Headwork CC	40 yrs	312 days	65
Hagen, Stephen E.	City Light	Manager 2	28 yrs	74 days	52
Haggerty, Daniel L.	SPU	Civil Engineering Supervisor	35 yrs	110 days	59
Hale, Dolores	SEATRAN	Admin Staff Analyst	20 yrs	337 days	52
Hamelberg, Eileen	Library	Librarian	34 yrs	92 days	62
Hamilton, Gordon E.	City Light	Cable Splicer CC Net Area	33 yrs	16 days	61
Hammond, Geraldene	SEATRAN	Engineering Aide	20 yrs	7 days	60
Hansen, Judith T.	Parks	Vested	9 yrs	329 days	62
Hansen, Llewellyn V	SEATRAN	Senior Civil Engineering Spec	33 yrs	288 days	58
Hawk, Lawrence R.	Seattle Center	Usher	7 yrs	54 days	70
Healy, Thomas K.	Library	Senior Librarian	5 yrs	30 days	67
Hemstead, Christian P.	ESD	Info Tech Prof	25 yrs	1 days	55
Hendrickson, John D.	SEATRAN	Sr Civil Engineer	32 yrs	352 days	56
Hess, Ronald V.	SEATRAN	Civil Engineering Spec., Assoc.	25 yrs	135 days	63
Hirai, Owen R.	City Light	Meter Reader	27 yrs	116 days	59

(continued)

**SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM  
SERVICE RETIREMENTS GRANTED IN 2003**

<b>Name</b>	<b>Department</b>	<b>Position</b>	<b>Years of Service</b>		<b>Age</b>
Hissong, Terry W.	Metro Transit	Tunnel Controller	32 yrs	252 days	60
Holden, Marjorie	Personnel	Sr. Training and Education Coord	23 yrs	10 days	58
Horn, Jimmie S	City Light	Associate Electrical Engineer	8 yrs	197 days	67
Hudson, Josephine	Personnel	Admin Spec I	22 yrs	278 days	57
Iverson, Donna M.	Parks	Rec Program Coordinator	31 yrs	125 days	54
Johnson, Brian D.	OMP	Vested	15 yrs	103 days	57
Joy, David	Seattle Center	Facilities Lead Worker	34 yrs	177 days	53
Kent, Henry M.	Finance	Systems Analyst	29 yrs	234 days	70
Ketcherside, Marilyn C.	Library	Library Tech III	23 yrs	83 days	56
Korpela, Kathleen A.	K.C. Health	Nurse	22 yrs	122 days	56
Kowalczyk, Kenneth	Parks	Zoo Keeper	28 yrs	220 days	52
Kuhlman, Jane E.	K.C. Health	Vested	7 yrs	301 days	65
Leonard, Steven L.	City Light	Electrician-Con	28 yrs	296 days	52
Lewis, Michael E.	Personnel	Vested	5 yrs	297 days	62
Linn, Geraldine M.	Dual Member	Vested	16 yrs	242 days	60
Lorance, Judith A.	Police	Dispatcher III	30 yrs	10 days	51
Lynch, Timothy J.	Library	Page	11 yrs	332 days	64
Lynd, Francella D	Vested	Vested	21 yrs	321 days	63
Mallon II, John L	Parks	Manager 2	11 yrs	0 days	57
Maloney-Bourret, Sheila	Police	Admin Spec II	28 yrs	75 days	53
Mamon, Anthony J.	Personnel	Admin Spec I	29 yrs	113 days	53
Marks, Clifford V	DCLU	Land Use Planner III	21 yrs	2 days	59
Marshall, Clifford A.	ESD	Civil Rights Analyst	19 yrs	116 days	59
Marshall, Peter S	Parks	Planning & Development Spec Sr	19 yrs	303 days	66
Martinez, Yolanda R.	Neighborhoods	Neighborhood Dist Coord	21 yrs	325 days	66
Maykut, Naydene	Dual Member	Vested	1 yrs	123 days	65
McGeough, Mary	City Light	Executive Assistant, Sr.	31 yrs	12 days	50
Menn, Boris	City Light	Electrical Engineer, Asst 111	17 yrs	75 days	69
Meyers, Viola	City Light	Admin Spec I	9 yrs	122 days	65
Morgan, Rosalie	ESD	Tax Auditor	13 yrs	37 days	57
Morrison, Patricia Lou	Police	Admin Spec I	14 yrs	276 days	67
Mulvihill, Sally A.	OMP	Executive Assistant	30 yrs	353 days	52
Nable, Pilar S.	SPU	Admin Spec II	23 yrs	273 days	63
Nash, Roy	City Light	Lineworker	25 yrs	90 days	52
Nayudu, Ashok	City Light	Utilities Manager	29 yrs	180 days	52
Nichols, Clifford E.	SPU	Chief Watershed Inspector	18 yrs	89 days	62
Nicholson, Robert W.	SEATRAN	Overhead Electrical Supplier	24 yrs	127 days	52
Nishimura, Valerie G.	Personnel	Executive Assistant	31 yrs	342 days	54
Norberg, John C.	City Light	Manager 3	32 yrs	278 days	61
Nyysela, Marilyn K.	City Light	Admin Spec II	12 yrs	20 days	59
Oberg, Peggy A	City Light	Elec Svc Rep., Sr	29 yrs	50 days	52
Olson, Roy E.	City Light	Structural Iron Worker	37 yrs	101 days	62
Olvera, Jody S.	City Light	Safety & Health Spec. Sr.	27 yrs	145 days	52

(continued)

**SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM  
SERVICE RETIREMENTS GRANTED IN 2003**

<b>Name</b>	<b>Department</b>	<b>Position</b>	<b>Years of Service</b>	<b>Age</b>
Palmer, Pamela S	Police	Vested	12 yrs 275 days	57
Palmer, Ralph C.	Metro Transit	Transit Operator	33 yrs 74 days	63
Papajani, Vicki K.	Dual Member	Vested	30 yrs 85 days	55
Parker, Joan A	City Light	Vested-Admin Spec II	12 yrs 56 days	61
Parnell, Connie J.	Municipal Courts	Court Cashier Supervisor	23 yrs 67 days	61
Person, Mel	City Light	Meter Electrician	27 yrs 344 days	62
Petersen, Leonard T.	City Light	Material Supplier	36 yrs 160 days	62
Petras, Michael R.	Police	Police Dispatcher I	10 yrs 2 days	57
Pham, Chuong V.	City Light	Electical Helper	23 yrs 244 days	62
Phillips, Dennis M	City Light	Material Suplr Elec - Asg Phd	36 yrs 219 days	62
Picht, Kathleen A.	Municipal Courts	Res & Eval Assistant	31 yrs 141 days	51
Pizzuto, Michael E.	Dual Member	Vested	32 yrs 305 days	53
Rangel, Charles B.	SPU	Disposal CC 1	20 yrs 177 days	57
Ray, James R.	City Light	Material Supplier	24 yrs 2 days	56
Reimer, Darrell	SPU	Water Treatment Supervisor	30 yrs 223 days	58
Richmond, John	Dual Member	Vested	13 yrs 186 days	59
Ring-Nelson, Marilyn	Library	Managing Library I	30 yrs 239 days	62
Rodill, Clare	Library	Library Assoc I	5 yrs 159 days	64
Roseberry, Robert J.	SEATRAN	Civil Engineering Spec	34 yrs 250 days	55
Roselius, Sherry L.	Dual Member	Vested	2 yrs 240 days	55
Saunders, Jeannette J.	City Light	Accounting Tech III	25 yrs 165 days	54
Schlund, Kerry L.	Human Services	Financial Analyst	30 yrs 201 days	57
Schroeder, Karen	K.C. Health	Nurse Practitioner	31 yrs 268 days	59
Shaw, Adrian	City Light	Meter Electrician	30 yrs 329 days	63
Shuman, George L	Parks	Strategic Advisor	31 yrs 150 days	62
Sisley, Antoinette L	K.C. Health	Nurse	14 yrs 252 days	63
Sisson, Jo Anne	Parks	Admin Spec II	22 yrs 89 days	56
Smith, Donald P.	City Light	Hydro Electric Maint Machinist	21 yrs 157 days	65
Smith, Kay I	Law	Vested	10 yrs 231 days	62
Smith, Ormel Wesley	City Light	Machinist	5 yrs 110 days	64
Smith, Patricia L.	Municipal Courts	Court Clerk	10 yrs 1 days	60
Stedfelt, Richard H.	SEATRAN	Maintenance Laborer	32 yrs 208 days	57
Steyh, Edward W	SPU	Manager 2	30 yrs 10 days	57
Stotler, Bruce	Neighborhoods	Complaint Investigator	30 yrs 297 days	57
Straight, Darilyn S.	Police	Parking Enforcement Officer Supv	30 yrs 45 days	53
Strum, Marie E.	Parks	Gardener	16 yrs 61 days	70
Sunn, Maureen	Dual Member	Vested	24 yrs 361 days	57
Swanson, Richard	City Light	Elec. Constructor Wkg CC	33 yrs 14 days	57
Sweeney, Patrick J	Personnel	Vested	20 yrs 51 days	55
Tarr, Diane P	Police	Vested	25 yrs 240 days	52
Taylor, June E.	Police	Community Service Officer	12 yrs 200 days	57
Trees, Dennis	Seattle Center	IT Manager 2	30 yrs 0 days	58
Trocha, Michael J.	Police	Community Service Officer	31 yrs 277 days	56

(continued)

**SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM  
SERVICE RETIREMENTS GRANTED IN 2003**

<b>Name</b>	<b>Department</b>	<b>Position</b>	<b>Years of Service</b>	<b>Age</b>
Tsuchiya, Herbert	K.C. Health	Pharmacist	18 yrs 246 days	70
Tuthill, Shirley A.	City Light	Admin Spec II	26 yrs 92 days	63
Ullwelling, Victoria R.	Parks	Utility Laborer	22 yrs 59 days	53
Underwood, Alan R.	City Light	Executive II	30 yrs 200 days	51
Valenti, Salvatore	DoIT	Lead Computer Operator	25 yrs 6 days	63
Villota, Leodigario	Seattle Center	Utility Laborer	10 yrs 127 days	68
Watson, Laureana L.	Finance	Supply & Inventory Tech	31 yrs 185 days	58
Watters, Opal M.	Fleets & Facilities	Sr. Warehouser	25 yrs 29 days	56
Weatherspoon, William	City Light	Mat. Suplr - Asg Leo pdm/HB	31 yrs 232 days	53
Webster, Don A.	Municipal Courts	Probation Counselor I	23 yrs 208 days	66
Wellner, Vera H.	Police	Admin Staff Asst	20 yrs 120 days	56
White, Charles F.	SEATRAN	Sr. Civil Engineering Spec	30 yrs 16 days	55
Williams, Kenneth R.	SPU	Res & Eval Assistant	8 yrs 148 days	67
Williams, Rosa L.	Police	Crossing Guard	2 yrs 305 days	80
Wilson, Charles L.	DoIT	Info Tech / Senior Computer Op	19 yrs 69 days	58
Wong, Shirley	ESD	Civil Rights Analyst	27 yrs 315 days	55
Zarker, Gary E.	City Light	Executive 4	24 yrs 59 days	54
Total Service Retirements			189	

**DISABILITY RETIREMENTS**

Wiedenhof, Cindy M.	SPU	Maintenance Laborer	5 yrs 151 days	42
Total Disability Retirements			1	

**SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM  
RETIRED MEMBERS DECEASED IN 2003**

<b>Name</b>	<b>Retired For</b>	<b>Department</b>	<b>Date Retired</b>	<b>Date of Death</b>	<b>Age at Death</b>
Allen,Audrey E	Service	City Light	07/01/1987	01/12/2003	71
Anderson,Clifford G	Service	Admin Services	01/01/1994	08/18/2003	72
Anderson,Francis J	Service	Water	10/01/1982	11/10/2003	82
Anderson,Orville R	Service	General Services	05/01/1972	03/31/2003	92
Anderson,Sally K	Service	Engineering	11/01/1994	07/22/2003	81
Armstrong,Harry H	Service	City Light	04/01/1978	03/01/2003	87
Armstrong,James C.	Service	City Light	06/11/1997	04/03/2003	54
Auda,Bernard G	Service	Engineering	01/01/1984	03/30/2003	78
Bailey,Cecil E	Service	Treasurer	10/01/1981	07/29/2003	81
Banks,Hurchel	Service	Sewer / Utility	02/01/1976	12/01/2003	89
Barker,Corine A.	Service	Library	03/01/1999	03/10/2003	68
Barker,Dorothy G	Service	Water	10/01/1972	09/14/2003	95
Bemis,Milford M	Service	City Light	01/01/1977	12/03/2003	82
Black,Ramona Z	Service	City Light	05/01/1973	11/03/2003	95
Bloom,Rodger G	Service	City Light	08/01/1978	03/03/2003	86
Bosanko,Mary	Service	Police	05/01/1994	07/04/2003	74
Bourassa,Clifford T	Service	Metro Transit	04/01/1985	02/13/2003	82
Bravo,Ernesto	Service	City Light	06/03/1999	12/21/2003	69
Braxmeyer,Leo E	Service	Library	09/01/1987	06/01/2003	81
Breed,Arthur L	Service	Engineering	10/01/1987	10/06/2003	73
Brown,Robert E	Service	City Light	11/01/1970	06/24/2003	92
Bucke,William A	Service	Water	10/01/1978	02/25/2003	83
Bustillo, Romeo A.	Service	SPU	06/04/2002	12/22/2003	63
Byrd,George W	Service	Water	02/01/1977	06/27/2003	91
Cady,Carl S	Service	City Light	03/01/1989	03/06/2003	77
Callans,Margaret R	Service	DCLU	09/01/1983	12/11/2003	85
Cameron,May H	Service	Health	01/01/1975	07/10/2003	94
Campbell,Carl G	Service	Seattle Center	03/01/1988	04/02/2003	79
Carpenter,Virginia R	Service	Comptroller	11/01/1988	05/24/2003	78
Caulfield,James	Service	Parks	09/10/1996	10/01/2003	71
Chard,Norman W	Service	Water	01/01/1994	07/18/2003	71
Chi, Yung	Service	City Light	03/02/1996	02/27/2003	81
Corliss Jr,Vernon W	Service	City Light	10/01/1995	07/14/2003	55
Crothers,Carolyn J	Service	Police	02/01/1979	04/04/2003	83
Crowder,Beatrice	Service	Admin Services	06/01/1982	07/16/2003	86
Dailey,Glenn D	Service	City Light	05/01/1973	12/03/2003	92
Denney,Claudia C	Service	ESD	12/10/1997	10/21/2003	69
Dodds,Howard W	Service	Water	03/01/1971	10/20/2003	96
Doney,Jadwiga S	Service	City Light	08/01/1989	06/14/2003	80
Dorr,Alverda M	Disability	City Light	05/01/1972	09/11/2003	88
Dunstan,Eileen M	Service	Parks	12/01/1979	11/15/2003	89
Ellison,Roman O	Service	Parks	01/01/1984	12/27/2003	74
Emden,Norman N	Service	Seattle Center	08/01/1984	02/19/2003	83
Engle,Vurgal R	Service	Water	02/01/1982	05/28/2003	73
Erickson,Cordelia E	Service	Health	08/01/1979	03/07/2003	88
Evans,Jerry L.	Service	City Light	11/03/2001	10/28/2003	64
Ferran,Joe G	Service	Metro Transit	05/01/1984	03/04/2003	84
Ferris,Lenore T	Service	Library	09/01/1976	02/01/2003	89
Finnegan,Francis B	Service	City Light	09/01/1977	08/25/2003	85
Finnell,Donald W	Service	City Light	01/01/1990	03/29/2003	71
Folta,George W	Service	DCLU	02/17/1999	12/26/2003	84

(continued)



**SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM  
RETIRED MEMBERS DECEASED IN 2003**

<b>Name</b>	<b>Retired For</b>	<b>Department</b>	<b>Date Retired</b>	<b>Date of Death</b>	<b>Age at Death</b>
Ford, John T	Disability	Parks	01/01/1975	11/07/2003	89
Frishholz, Margaret Ann	Service	DHHS	02/01/1994	08/23/2003	81
Fry, Ellsworth D	Service	Parks	08/01/1978	09/18/2003	86
Gager, Larry D.	Service	Dual Member	05/16/2002	11/09/2003	61
Galuska, August S	Service	Engineering	10/01/1976	06/04/2003	82
Geoffroy, Joyce	Service	City Light	07/06/2002	06/06/2003	53
Gibbs, Lyle H	Service	Engineering	01/01/1975	05/17/2003	85
Gibson, Warren E	Service	Metro Transit	03/01/1976	06/02/2003	88
Givens, Percy	Service	Parks	12/01/1973	05/08/2003	94
Glenn, Barbara J	Service	Police	07/01/1994	10/04/2003	74
Glenn, Norman M	Service	Engineering	05/01/1979	06/21/2003	81
Grubb, Wm T	Service	DCLU	01/01/1983	08/21/2003	82
Guptill, Barbara J	Service	Library	01/01/1991	03/31/2003	71
Haggstrom, Dulcie M	Service	Engineering	07/01/1981	11/10/2003	79
Hansen, Judith T.	Service	Parks	10/28/2003	11/13/2003	62
Harrell, Clayton E	Service	City Light	09/01/1988	10/04/2003	70
Hasson, Antoinette	Service	Library	01/01/1976	02/06/2003	89
Hatfield, John W	Service	Water	07/01/1982	01/03/2003	77
Hayes, James T	Service	Engineering	10/01/1970	02/15/2003	96
Hilgar, Sharon S.	Service	Library	12/14/2002	05/23/2003	61
Hill, Earl R	Service	City Light	01/01/1982	05/07/2003	87
Hollis, Frederick T	Service	Metro Transit	08/01/1972	03/14/2003	90
Houston, Norman	Service	Parks	09/10/1996	11/04/2003	62
Jaeger, Neil M	Service	City Light	08/01/1980	07/05/2003	88
James, Margaret L	Service	Police	01/01/1984	02/13/2003	85
Jenkins, Ralph J	Service	Engineering	10/01/1982	10/27/2003	83
Johnson, Charles C	Service	Metro Transit	07/01/1973	10/13/2003	90
Johnson, Harold F	Service	City Light	06/01/1980	07/23/2003	83
Johnson, Lowell R	Service	City Light	05/01/1977	10/30/2003	86
Jovick, Elin O	Service	Comptroller	02/01/1976	10/17/2003	83
Kawamoto, Mitsuo	Service	Parks	03/01/1974	09/15/2003	94
Keefe, Mary L	Service	PSCS	07/01/1986	03/24/2003	74
King, Evelyn L	Service	City Light	03/01/1981	01/01/2003	87
Kissner, Ruth S	Service	Legislative	06/01/1980	10/21/2003	88
Knudtson, James H.	Service	Fleets & Facilities	10/21/3902	09/01/2003	52
Krakovsky, David	Service	Controller	05/01/1988	03/07/2003	78
Kubota, Thomas	Service	Parks	10/03/2001	03/03/2003	63
Lewis, Ned B	Service	Metro Transit	05/01/1976	01/29/2003	90
Lin, Lillian Cw	Service	Library	07/01/1981	02/01/2003	84
Linhardt, Betty V	Service	Community Develop.	11/01/1981	02/20/2003	76
Lucas, Michael J	Service	Building	02/01/1977	03/12/2003	91
Marttala, Neva E	Service	City Light	07/01/1973	02/16/2003	78
Massey, Elin I	Service	Library	04/01/1983	11/12/2003	78
Mccoubrey, Stewart A	Service	City Light	09/01/1982	06/12/2003	86
Mcdade, Joseph M	Service	City Light	05/01/1978	01/25/2003	87
McKee, Vernon A	Service	City Light	03/01/1975	10/30/2003	90
McLean, Harriette	Service	Library	08/01/1971	09/15/2003	95
Mcnett, Robert B	Service	City Light	07/01/1977	04/04/2003	88
Mcsherry, Julian M	Service	City Light	09/01/1983	05/19/2003	82
Merrill, Marie	Service	Library	07/01/1968	12/11/2003	100

(continued)



SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM  
RETIRED MEMBERS DECEASED IN 2003

<b>Name</b>	<b>Retired For</b>	<b>Department</b>	<b>Date Retired</b>	<b>Date of Death</b>	<b>Age at Death</b>
Michael, Annette E	Service	Municipal Court	05/01/1986	06/25/2003	84
Mill, Gilbert H.	Service	Parks	02/13/2002	11/13/2003	67
Miller, Carl J	Service	Metro Transit	08/01/1980	09/05/2003	83
Miller, Caroline A	Service	Police	01/07/1998	12/07/2003	68
Mills, Ella M	Disability	City Light	10/01/1977	03/20/2003	71
More, Donald E	Service	Water	09/01/1976	03/17/2003	80
Mullen, Mary B	Service	City Light	08/01/1988	10/05/2003	80
Mun, Myong S.	Service	ESD	01/16/2002	06/18/2003	64
Murphy, Andra C	Disability	Parks	08/01/1992	12/23/2003	65
Murray, Francis P	Service	City Light	06/01/1981	12/06/2003	84
Norman, Arthur A	Service	Zoo	11/01/1977	09/09/2003	80
Oberg, Robert S	Service	General Services	07/01/1975	05/23/2003	81
Oliver, Eugene A	Service	Building	07/01/1978	11/02/2003	86
Olson, Robert M	Service	City Light	05/01/1971	01/11/2003	83
Owens, Carl F	Service	Metro Transit	01/01/1994	12/28/2003	67
Patterson, Robert W	Service	DAS	01/01/1995	10/31/2003	67
Pemberton, Winnifred R	Service	Health	06/01/1978	09/07/2003	89
Porter, Vincent L	Service	Law	06/01/1979	04/22/2003	82
Pratt, James L	Service	City Light	04/01/1988	11/12/2003	78
Reberg, Eileen	Service	City Light	03/03/2001	04/10/2003	74
Recchia, Joseph	Service	Metro-Transit	06/01/1987	05/05/2003	74
Renando, Rolf V	Service	City Light	11/01/1973	06/07/2003	94
Rodrigues, Joseph M	Service	General Services	08/01/1972	05/02/2003	93
Rosaia, August	Service	Parks	03/01/1977	08/11/2003	91
Rozum, Joseph	Service	City Light	07/01/1983	05/07/2003	81
Rubin, Clara G	Service	Civil Service	10/01/1973	06/20/2003	94
Saunders, Jeannette J.	Service	City Light	09/04/2003	10/26/2003	54
Schoellhorn, Willard	Service	Metro Transit	01/01/1988	12/30/2003	78
Schroeter, Dorothy	Service	Mayor's Office	04/01/1988	03/23/2003	78
Schumacher, William	Service	Engineering	03/01/1985	08/29/2003	80
Seltz, Gordon H.	Service	Metro Transit	11/01/1997	03/01/2003	67
Shannon, William J	Disability	City Light	07/01/1975	10/11/2003	74
Sheppard, Harold	Service	Engineering	01/01/1974	11/26/2003	92
Sherwin, Gail	Service	SPU	10/01/2002	11/18/2003	49
Sisk, John H	Service	Metro Transit	02/01/1969	10/28/2003	86
Skopek, John E	Service	Law	04/01/1985	02/02/2003	81
Slaton, Alton P	Service	Engineering	03/01/1985	03/07/2003	80
Slavesen, Thelma	Service	DHHS	07/06/2001	02/24/2003	79
Smith, Arthur	Service	Engineering	01/01/1977	04/09/2003	89
Smith, Charlie	Service	Engineering	01/01/1981	11/02/2003	86
Smith, Theodore G	Service	Metro Transit	02/01/1985	03/06/2003	74
Smith, William	Service	Engineering	02/01/1978	04/28/2003	86
Spencer, Richard M	Service	City Light	10/01/1981	10/01/2003	79
Spicer, Lois	Service	Engineering	01/01/1982	06/27/2003	83
Stevens, George	Service	Engineering	07/01/1976	01/21/2003	87
Swalling, Leslie	Service	City Light	08/14/2002	08/09/2003	57
Swanson, Helen M	Service	Library	01/01/1977	01/02/2003	90
Swodeck, Willis T	Service	Water	07/01/1976	02/15/2003	81
Talbott, Gerald A	Service	Police	06/01/1992	11/16/2003	88
Taulbee, Charles D	Service	Metro Transit	12/01/1990	12/05/2003	77
Taylor, Donald E	Service	Engineering	06/01/1993	02/09/2003	68

(continued)

**SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM  
RETIRED MEMBERS DECEASED IN 2003**

<b>Name</b>	<b>Retired For</b>	<b>Department</b>	<b>Date Retired</b>	<b>Date of Death</b>	<b>Age at Death</b>
Teasley, James B	Service	Water	10/01/1976	01/18/2003	84
Templet, Paul D	Service	Water	03/01/1990	11/11/2003	76
Titus, James E	Service	City Light	01/01/1975	12/18/2003	92
Tollefsen, Orville F	Service	Metro Transit	03/01/1978	04/12/2003	87
Waidmann, Gustav H	Service	Engineering	11/01/1986	07/27/2003	79
Walker, Rosalee	Service	Health	11/01/1978	09/06/2003	88
Walling, Irene S	Service	Law	01/01/1978	09/14/2003	89
Wang, Ta	Service	City Light	05/03/2002	03/15/2003	77
Weiss, George E	Service	City Light	01/01/1973	04/20/2003	93
Wiatrak, Paul A	Service	Engineering	08/01/1980	02/03/2003	83
Winningham, Wm N	Service	City Light	02/01/1977	07/11/2003	82
Wolfe, Yvonne	Service	DAS	06/04/1996	02/10/2003	70
Wood, D C	Service	City Light	02/01/1978	04/26/2003	84
Young, Leo J	Service	City Light	11/01/1975	03/29/2003	90
Young, Roger A	Service	City Light	08/01/1987	05/31/2003	67
Zanassi, Edward A	Service	Parks	01/01/1981	01/23/2003	89
Average Age of Deceased Pensioner					80.34
Average Age of Deceased Disability Pensioner					77.40
Number of Service Pensioners Deceased					163
Number of Disability Pensioners Deceased					5
Death Benefits for Deceased Retirees			\$		
Refund Under Option "A"			\$	161,086.61	
Refund Under Disability			\$	0.00	

**SEATTLE CITY EMPLOYEES' RETIREMENT SYSTEM  
DEATHS IN ACTIVE SERVICE DURING 2003**

<b>Name</b>	<b>Position</b>	<b>Department</b>	<b>Age</b>
Boast, Marsha L	Info Tech Professional B	Finance	55
Fujita, Kenneth M	Printing Equipment Operator	Parks	45
Haglund, Raymond	Electricians Helper	City Light	55
Ida, Jeffrey D	Electrical Engineering Spec Super	City Light	60
Merriam, Michael K	Rec Program Coord Sr	Parks	46
Meyer, David C	Elctn-Con	City Light	53
More, Herbert R	Transit Operator	Metro	74
Poua, Logoafiafi	Maintenance	SPU	50
Robbins, Susan M	Parking Enforcement	Police	54
Robinson, Michael L	Maintenance Laborer	SPU	44
Sahm, William J	Parking Attendant	Seattle Center	50
Shaman, Barbara L	Meter Electrician	City Light	57
West, John R	Real Property Agent Sr	SDOT	54
Wheaton, Brock D	Cablesplicer Aprentice	City Light	47
Total			14
Average Age			53.14

**DEATH BENEFIT SYSTEM**  
**For The Year Ended December 31, 2003**

All active members and those retired members who so elect are covered by the Death Benefit System. The Death Benefit System is similar to a life insurance policy and pays \$2,000 to the beneficiary of an active or retired member.

The annual premium for each member is \$12, with the City matching this amount. Any additional funds needed to fund the Death Benefit System come from the undistributed earnings of the Retirement System.

There were 13 deaths in active service and 151 claims from retired employees - a total of 164 claims. This compares with 12 deaths in active service in 2002, and 151 claims from retired employees - a total of 163. The claims totaled \$328,000 in 2003, and \$326,000 in 2002.

Income from the 14,840 active and retired employees was	\$ 137,064
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Income from Employers:	
Seattle City Light	\$ 30,612
General Fund	32,256
SEATRAN	11,304
Seattle Parks Department	14,664
Seattle Public Utilities	18,840
Finance	5,334
Library	7,944
Seattle Center	5,820
Construction and Land Use	4,926
Metro Transit Fund	2,592
Employees' Retirement System	288
King County Health & Custodial	<u>2,208</u>
 Total from Employer Funds	 \$ 136,788
Total paid into Death Benefit Reserve	\$ 273,852
 Transfer from Undistributed Investment Earnings	 <u>\$ 54,148</u>
	\$ 328,000
 Less: Death Benefit Claims - 2003	 <u>\$ (328,000)</u>
 Death Benefit Reserve Balance December 31, 2003	 \$ 0.00

**UNUSED SICK LEAVE**

At the time of retirement, members may elect to receive a cash payment equal to 25% of the monetary value of their "unused sick leave". The monetary value is developed by multiplying the number of hours of unused sick leave by the hourly rate, and is calculated and paid to the employee by the employing department when the person retires immediately following employment. Vested members retiring at a future date do not receive a sick leave payout.

The member may elect to write a check payable to the City, and deliver it to the Retirement System, for the amount of the sick leave payout, and this amount will be placed in an account to be used to pay health care premiums for self and spouse. Since the health care premiums are paid from the Health Care Fund, these funds do not accrue interest. If the retiree dies before the credit is exhausted, the surviving spouse may use the remaining credit to pay for health care coverage.

In the event of the death of an active employee eligible for sick leave benefits, the employing department will pay the beneficiary an amount equal to 25% of said employees' accumulated unused sick leave.

Of the 189 service retirements during 2003, only 5 retirees deposited the value of their sick leave payout to an account that will be used to pay their medical premiums.

		Percentage of Average Salary															
Years of Retirement Credit		Age														Years of Retirement Credit	
		Any	52	53	54	55	56	57	58	59	60	61	62	63	64	65	
30	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	60	30
29		58	58	58	58	58	58	58	58	58	58	58	58	58	58	58	29
28		56	56	56	56	56	56	56	56	56	56	56	56	56	56	56	28
27		51.3	54	54	54	54	54	54	54	54	54	54	54	54	54	54	27
26		46.8	49.4	52	52	52	52	52	52	52	52	52	52	52	52	52	26
25		42.5	45	47.5	50	50	50	50	50	50	50	50	50	50	50	50	25
24		38.4	40.8	43.2	45.6	48	48	48	48	48	48	48	48	48	48	48	24
23		34.5	36.8	39.1	41.4	43.7	46	46	46	46	46	46	46	46	46	46	23
22		30.8	33	35.2	37.4	39.6	41.8	44	44	44	44	44	44	44	44	44	22
21		27.3	29.4	31.5	33.6	35.7	37.8	39.9	42	42	42	42	42	42	42	42	21
20		24	26	28	30	32	34	36	38	40	40	40	40	40	40	40	20
19							28.88	30.02	31.16	32.3	33.44	34.58	35.72	36.86	38		19
18							27.36	28.44	29.52	30.6	31.68	32.76	33.84	34.92	36		18
17							25.84	26.86	27.88	28.9	29.92	30.94	31.96	32.98	34		17
16							24.32	25.28	26.24	27.2	28.16	29.12	30.08	31.04	32		16
15							22.8	23.7	24.6	25.5	26.4	27.3	28.2	29.1	30		15
14							21.28	22.12	22.96	23.8	24.64	25.48	26.32	27.16	28		14
13							19.76	20.54	21.32	22.1	22.88	23.66	24.44	25.22	26		13
12							18.24	18.96	19.68	20.4	21.12	21.84	22.56	23.28	24		12
11							16.72	17.38	18.04	18.7	19.36	20.02	20.68	21.34	22		11
10							15.2	15.8	16.4	17	17.6	18.2	18.8	19.4	20		10
9												16.38	16.92	17.46	18		9
8												14.56	15.04	15.52	16		8
7												12.74	13.16	13.58	14		7
6												10.92	11.28	11.64	12		6
5												9.1	9.4	9.7	10		5

**Identify percentage factor above that applies to your age and years of service.**

Percentages increase with each day of service.

Maximum percentage factor = 60% with 30 years of retirement credit.

Average Salary = Average of Highest Consecutive 24 months.

If Expected retirement date is 2 years or more from now, use today's salary as estimated Final Average Salary.

#### Eligibility for Retirement

**5 to 9 years of service - and are age 62 or older**

**10 to 19 years of service - and are age 57 or older**

**20 to 29 years of service - and are age 52 or older**

**30 years of service - any age**

**Example: 22 years of credit, age 56, and final average salary is \$2,500**

$$\begin{array}{rcl}
 \frac{\$ 2,500}{\text{Final Average Salary}} & \times & \frac{39.6 \%}{\text{percentage factor from table based on age and years of credit}} = \frac{\$ 990}{\text{Estimated Pension Amount}}
 \end{array}$$

*This form is only intended to provide a general profile of how an estimated pension amount is calculated.*

Any unpaid leave during your career is not counted towards retirement credit.



Seattle City Employees' Retirement System

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